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. . . was created to preserve and enhance our national tradition of giving, volunteering and not-for-profit initiative. The Voting Members are organizations with national interests and impact in philanthropy, voluntary action and other activity related to the independent pursuit of the educational, scientific, health, welfare, cultural and religious life of the nation.

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Dimensions of the Independent Sector

A Statistical Profile

Virginia Ann Hodgkinson
Murray S. Weitzman

First Edition

INDEPENDENT SECTOR
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ACKNOWLEDGEMENTS

Dimensions of the Independent Sector is the first edition in a planned series providing statistical profiles of the independent sector. This profile was developed, compiled, and written by Virginia Hodgkinson, Vice President, Research at INDEPENDENT SECTOR *(IS)*, and Murray Weitzman, *IS* Consultant to this project, formerly Chief Staff Director of Social Indicators for the U.S. Bureau of the Census.

The compilation of statistics for this profile came from a variety of public and private sources. In the public sector we were fortunate to have had the cooperation of many individuals in different agencies who provided information about their programs and publications, and furnished data that has limited distributions. We particularly want to acknowledge those researchers and private organizations who have toiled long and quietly with few resources developing information on the sector. Without their past, current, and continuing work, this profile would not have been possible. We are indebted to the work of many individuals and private organizations, among whom are:

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FOREWORD

The organization, INDEPENDENT SECTOR, was formed to encourage the fullest possible development of philanthropy and voluntary action in America. To do so requires an understanding of past and present dimensions and trends of giving and volunteering. Therefore, one of our initial purposes is to foster research in and on the sector and to publish what is known about it. "Dimensions of the Independent Sector" is a first attempt to pull together much that is already known statistically about givers and volunteers and the organizations through which they serve and impact.

The creation of this initial edition has taught us as much about what we don't know as it has about what we do know. We now know much more about the pervasiveness of giving and volunteering among all parts of the population, but we are all the more aware of how little we know about how churches impact their communities. We have a far better picture of who volunteers for what activity, but very little hard data about why they do it. The process of organizing this volume has sharpened our understanding of what is known and what we need to learn – both absolutely essential elements in creating a body of knowledge and building a research enterprise.

More important than the statistics – as important as they are – is our expanded understanding of what all the caring and participation mean to the kind of people we are. Ultimately, that is the only dimension that really counts. If the statistics can help expand our humanity, they will serve well the purpose that we originally set out.

It is a very good beginning. For that we thank Virginia Hodgkinson and Murray Weitzman. However different and improved the twenty-fifth edition might be several decades hence, we will still recall this first one as the most remarkable.

Brian O'Connell
President
INDEPENDENT SECTOR

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Dimensions of the Independent Sector is the first edition of a statistical profile of the independent sector of American society. Its purpose is to increase public understanding about the size, scope, dimensions, and functions of this diverse sector, which includes the vast array of voluntary and philanthropic institutions that provide a variety of services to all Americans. This profile has been compiled from a variety of public and private sources. Estimates of the size and scope of the sector have been made by the authors where data is not collected on a regular basis in order to provide a perspective about this sector and its place in the American economy and society. The goal of this report is to broaden public understanding about this important part of American life which often has been neglected in other statistical appraisals of American society. It is hoped that this report will stimulate further analytical and statistical research on the independent sector.

SECTION ONE: THE INDEPENDENT SECTOR: AN OVERVIEW

Section one provides an overview of the independent sector and its place in the American economy. Some of the indicators in this section demonstrate that the independent sector is an important part of the national economy, and that America's reliance on this sector continues to grow.

— From 1974 to 1980, the independent sector increased its share of national income from 5.1 percent ($62 billion) to 5.5 percent ($123 billion). This growth includes the value of volunteer time, which increased from $28 billion in 1974 to $52 billion in 1980 or 2.3 percent of national income.

— From 1974 to 1980, the independent sector increased its share of total earnings from work from 6.7 percent ($59 billion) to 7.5 percent ($116 billion). This growth includes the value of volunteer time, which increased its share of total earnings from 3.2 percent ($28 billion) to 3.4 percent ($52 billion) during this period.

— From 1974 to 1980, the independent sector increased its share of total employment from 8.5 percent (8.3 million) to 9.2 percent (10.2 million). This growth includes volunteer time which accounted for the equivalent employment of 3.5 million employees in 1974 and 4.1 million employees in 1980.

— America's reliance on the independent sector continues to grow. In constant 1972 dollars and related to the population, the sector's per capita operating expenditures increased 70 percent from 1960 to 1980, and 12 percent from 1974 to 1980. In 1980 current dollars, the sector's per capita operating expenditures were $805, which includes the value of volunteer time.

— There were 785,000 organizations reported in the independent sector in 1980. Included among these diverse organizations were voluntary organizations, schools, churches, research organizations, foundations, civic and social welfare organizations, and advocacy organizations serving educational, scientific, religious or other charitable purposes.

SECTION TWO: FINANCIAL TRENDS OF THE INDEPENDENT SECTOR

Section Two examines the sector's sources of support and uses of resources. It also provides historical information on employment and wages and salaries. The independent sector continues to grow in terms of expenditures and employment—both paid and volunteer. Although private contributions to the sector have increased, the decade of the seventies was characterized by increasing reliance on government support for many of the sector's activities.

— Contributions from individuals, bequests, foundations, and corporations, for both private and public purposes, increased more than sevenfold between 1955 and 1980 from $6.7 billion to $48.2 billion. However, current expenditures for all not-for-profit organizations increased thirteenfold from $10.9 billion to $143.1 billion during this period.

— The relationship between contributions and current expenditures declined from 62 percent in 1955 to 34 percent in 1980. Much of this change can be attributed to the increase in government support for health, education, and social welfare which contributed to the marked expansion of the independent sector.

— The sixfold increase in per capita contributions by individuals in current dollars, from $41 in 1955 to $260 in 1982, is in stark contrast to a per capita increase of 14 percent in constant 1972 dollars, from $100 in 1955 to $114 in 1982. Per capita contributions in constant dollars peaked at $122 in 1969.

— Estimates of giving by households suggest that in 1981, one-third of giving came from households with incomes below $20,000, approximately one half came from households with incomes between $20,000 and $50,000, and between 15 and 20 percent of giving came from households with incomes greater than $50,000.

— From 1970 to 1980, the greatest growth in giving came from corporations and individuals, up 60 percent. During this same decade, giving from foundations grew by 33 percent and giving from bequests by 28 percent.

— In 1980, the independent sector used $183 billion for current operating expenditures. Of this amount, $123 billion was used for personnel—both paid and volunteer; $71 billion was used for paid employees; and $52 billion was the value assigned to volunteer time.

— From 1972 to 1982, paid employees grew from 6.2 to 7.3 percent of total employment for nonagricultural employees. In 1982, there were 6.5 million such employees who earned an average salary of $12,525, equal to 73 percent of average salary of $17,132 for all other nonagricultural employees. Total paid employees grew from 4.6 million in 1972 to 6.5 million in 1982, or an increase of slightly more than 40 percent over a decade. Included among paid employees are doctors, nurses, faculty at colleges and universities, teachers, ministers, missionaries, social workers, and a host of professional and support workers who provide services to people through organizations and institutions.

SECTION THREE: PROFILE OF INDEPENDENT SECTOR ORGANIZATIONS BY SUB-SECTOR

Section Three provides financial profiles of the major sub-sectors of the independent sector, including health services, education, religion, social services, foundations, and arts and culture. These sub-sectors depend on revenues from a variety of sources, including income from private contributions, dues and fees, government support, and endowment. However, the reliance on any one of these sources or a combination varies by sub-sector.

— Total annual support (excluding assigned values for volunteer time) for the independent sector in 1980 is estimated at $160 billion, more than double the annual support of $76 billion in 1974. Health services in 1980, primarily hospitals, accounted for 46.5 percent or $74 billion, and the education and research sub-sector accounted for 23 percent or $36.7 billion. These sub-sectors together accounted for approximately 70 percent of total annual sources of support for the independent sector in 1980.

— Although private contributions declined as a proportion of total annual sources of support from 33 percent ($25.3 billion) in 1974 to 28 percent ($44.7 billion), they were important sources of income for various sub-sectors. In religion, private contributions accounted for 86 percent of total annual sources of support. Social services depended on private contributions for 30 percent of total annual sources of support in 1980, down from 43 percent in 1974. Approximately 60 percent of total annual sources of support for arts and cultural organizations came from private contributions.

— Private contributions as a proportion of total annual sources of support declined in health services from 14 percent in 1974 to nine percent in 1980, and, in the education and research sub-sector from 17.2 percent in 1974 to 15.5 percent in 1980.

— Dues, fees, and charges remained fairly steady as a proportion of total annual sources of support from 1974 to 1980, accounting for about 39 percent of total support for the sector as a whole. However, trends within sub-sectors varied. In health services, such income accounted for almost half of total annual sources of support (49 percent), and in the education and research sub-sector it accounted for 53 percent.

— The social services sub-sector increased its reliance on income from fees from 21 percent of total annual sources of support in 1974 to 25 percent in 1980.

— Some sub-sectors such as religious institutions and foundations, received little or no income from dues, fees, and charges. Arts and cultural organizations received about 10 percent of their annual support from this source in 1980.

— Endowment is a major source of income for foundations, accounting for 81 percent of annual sources of support in 1980. It is less important for other sub-sectors.

— Another major source of support—income from government—also varied dramatically by sub-sector. While the religion and foundation sub-sectors may receive little or no income from government, other sub-sectors have become increasingly reliant on government funding for a significant proportion of their total annual sources of support. From 1974 to 1980, total annual sources of support from government in both the health services and social services sub-sectors increased from 28 to 34 percent. In the education and research sub-sector, the increase was from 12 percent in 1974 to 16 percent in 1980.

— From 1974 to 1980, government support to civic, social, and fraternal organizations declined from 38 to 36 percent of total annual sources of support, and in arts and cultural organizations from 27 to 24 percent.

— A major trend emerged in the changing proportions of revenue sources. While government has increased its funding at about the same proportion (34 percent) to both the health services and social services sub-sectors, income from dues, fees, and charges have remained steady for health services but have increased as a proportion of total income for the social services sub-sector. Part of this increasing reliance on income from fees and charges may be attributed to contributions not increasing as rapidly as expenditures during this period.

— The total current operating expenditures for the independent sector in 1980 were $131 billion exclusive of volunteer time. The four largest sub-sectors accounted for approximately $123 billion (94 percent) of total expenditures. They include: health services, $65 billion (49.6 percent); education and research, $31.2 billion (23.8 percent); social services, $13.7 billion (10.4 percent); and religion, $12.9 billion (9.8 percent). Other sub-sectors, including civic, social, and fraternal organizations, arts and cultural organizations, foundations (including international activities), and legal services accounted for approximately $8 billion (six percent).

— The health services sub-sector is one of the fastest growing sub-sectors of the independent sector. It accounted for 43 percent ($27 billion) of current operating expenditures in 1974 and almost half of total operating expenditures ($65 billion) in 1980.

— The social services sub-sector also grew rapidly from 1974 to 1980, increasing its share of total current operating expenditures for the independent sector from nearly eight percent ($5 billion) in 1974 to 10 percent ($13.7 billion) in 1980.

— The education and research and religion sub-sectors showed a decline in the proportion of current operating expenditures in relation to the independent sector. Current operating expenditures for the education and research sub-sectors declined as a proportion of total expenditures for the independent sector from 28 percent ($17.8 billion) in 1974 to 24 percent ($31.2 billion) in 1980. In the religion sub-sector, the relative decline was from 13 percent ($8.5 billion) in 1974 to less than 10 percent ($12.9 billion) in 1980.

— Although the declining proportions of current operating expenditures in religion and education can be explained partially by the rapid growth of the health services and social services sub-sectors, other trends, such as the decline in the relative average wages and salaries for the religion and particularly the education sub-sectors, contributed to an overall proportionate decline in current operating expenditures in these sub-sectors.

— Employment in the independent sector grew slightly as a proportion of employment for all nonprofit organizations. In 1982, the independent sector employed 6.5 million paid employees, or 93 percent of total employment of all nonprofit organizations.

— Employment by sub-sector within the independent sector varied from 1974 to 1980. Although employment at hospitals remained fairly steady as a proportion of total employment for the independent sector, accounting for nearly 40 percent of total employment, wages and salaries increased from 38 to 46 percent of total wages and salaries during this period.

— Employment in social services increased as a proportion of total employment for the independent sector from approximately 11 percent in 1974 to 15 percent in 1980.

— Employment at private colleges and universities declined as a proportion of total employment in the independent sector, from 13.5 percent in 1974 to less than 12 percent in 1980. Wages and salaries also declined as a proportion of total wages and salaries for the sector from nearly 21 percent to 14 percent during this period.

— From 1972 to 1982, the annual rate of growth in paid employment in the independent sector was 3.6 percent compared to two percent for all employees on nonagricultural payrolls.

— Annual rates of paid employment growth among components of the independent sector varied considerably during this decade. The annual rate of growth in employment in the social services sub-sector grew fastest at 7.7 percent followed by hospitals at 4.3 percent. Employment at colleges and universities had an annual increase of 1.7 percent, while the religion sub-sector had an annual rate of change in employment of under one percent.

INTRODUCTION

Dimensions of the Independent Sector is the first of an annual series of statistical profiles on the independent sector—variously known as the voluntary sector, the third sector, or the not-for-profit organizations of American society. This report focuses on the independent sector as an important part of American society and provides historical data for the analysis of major trends within the sector. It describes and charts the activities of those associated with this sector—voluntary organizations, foundations, the social responsibility programs of corporations, and individuals who make contributions of time and money—from a variety of public and private sources of information.

Because the sector is so diverse and because there are many gaps in the information available on whole parts of the sector, this profile is a beginning formulation of how this sector fits into American society, the various functions it performs, and, in future editions, the people it serves. Every step, from defining the sector to estimating its sources and uses of support, posed major challenges. What is presented here is similar to an impressionistic painting (hopefully with the frame intact), in which the images are hazy suggestions of reality. Numbers and estimates are used; however, in some cases there is no second source to check against, especially in the categories of giving, volunteering, and the whole sub-sector of religion. It is our hope that this profile stimulates the regular collection of data on the independent sector by public and private agencies, and that such collections will encourage further research and analysis of this important segment of American society.

Dimensions of the Independent Sector is organized with three parts comprising the statistical profile and an "Afterword" which provides a summary of the major gaps that impede the fuller development of information on the independent sector.

Section One addresses the questions: What is the independent sector? What is its size and scope in relation to numbers employed, earnings from work, and national income? How many organizations are in this sector? How does it compare with the total number of not-for-profit organizations, with the for-profit sector, and with the government sector? In Section One, we attempt to set the dimensions of the painting.

Section Two addresses the questions: What are the sources and dimensions of support for this sector? How much support comes from individual contributions in giving and volunteering, from foundations and corporations, from government, from fees for services, and from other types of income, such as assets? Have the sources of support changed over time? How were these resources used? What are the trends in paid and volunteer employment and in other current expenditures? What proportion of total funds are used for current expenditures? Have the uses of funds changed over time? How much assets does the sector have? In Section Two, we attempt to paint the background of this painting with broad sweeps of the brush.

Section Three addresses the questions: What are the different components of the independent sector? How many sub-sectors of voluntary organizations and donor organizations are there? How large are these sub-sectors? What are the particular sources and uses of funds of each sub-sector? How many people do they employ? What functions do they perform? In Section Three, we attempt to sketch the foreground of this painting, with some sectors hazier and more suggestive than others because of large gaps in information.

In order to sharpen the perspective for viewing this sector, we have provided, wherever possible, information covering at least three specific years—1974, 1977, and 1980. For the years 1974 and 1980, there is information on volunteering, an important consideration for the independent sector, while 1977 is the most recent year for which employment and payroll data and expenses for most tax-exempt organizations are available from the 1977 Census of Services. In future editions, this baseline will be extended as more current information becomes available.

The independent sector is comprised of both very large sub-sectors and comparatively small ones when measured in terms of current operating expenditures or employment. In an effort to be comprehensive, and recognizing that the contributions of different sectors cannot always be measured in dollars, all sectors are included and estimates are made even though their reliability may be substantially less than estimates for some of the sub-sectors, such as hospitals and colleges and universities. As a working rule, estimates of current operating expenditures, wages and salaries, and other items expressed in dollars are usually rounded to the nearest hundred million. Employment estimates are

rounded to the nearest thousand. While such rounding has little impact on larger sub-sectors, for smaller ones the impact can be substantial. Although less rounded estimates are used for average wages and salaries when information for small sub-sectors is available, for other types of estimates this is not usually possible.

This is a first effort to chart and define the scope of the independent sector in one document that is based on a variety of sources. In future editions, we hope to provide more detailed information on religious institutions, international activities provided by American organizations, and international comparisons of the American independent sector with those of other countries. We encourage our readers to send us any statistical research on independent sector organizations and their activities that are not included here, for we hope to report any new information in future editions.

This report makes no attempt to hide any skepticism the authors have about the accuracy of many of the estimates that were assembled or produced in this statistical profile. Hopefully, an evaluation of the statistical materials used in this report to develop a coherent and systematic portrayal of the independent sector will stimulate further research and analysis and help us improve upon this initial effort in future editions.

SECTION ONE: THE INDEPENDENT SECTOR: AN OVERVIEW

Section One provides an overview of the independent sector and its place in the American economy. The indicators in this section demonstrate that the independent sector is an important sector of the economy, and that America's reliance on this sector continues to grow.

— From 1974 to 1980, the independent sector increased its share of national income from 5.1 percent ($62 billion) to 5.5 percent ($123 billion). This growth includes the value of volunteer time, which increased from $28 billion in 1974 to $52 billion in 1980 or 2.3 percent of national income.

— From 1974 to 1980, the independent sector increased its share of total earnings from work from 6.7 percent ($59 billion) to 7.5 percent ($116 billion). This growth includes the value of volunteer time which increased its share of total earnings from 3.2 percent ($28 billion) to 3.4 percent ($52 billion) during this period.

— From 1974 to 1980, the independent sector increased its share of total employment from 8.5 percent (8.3 million) to 9.2 percent (10.2 million). This growth includes volunteer time which accounted for the equivalent employment of 3.5 million employees in 1974 and 4.1 million employees in 1980.

— From 1974 to 1980, the independent sector increased its share of total earnings from work from 6.7 percent ($59 billion) to 7.5 percent ($116 billion). This growth includes the value of volunteer time which increased its share of total earnings from 3.2 percent ($28 billion) to 3.4 percent ($52 billion) during this period.

— From 1974 to 1980, the independent sector increased its share of total employment from 8.5 percent (8.3 million) to 9.2 percent (10.2 million). This growth includes volunteer time which accounted for the equivalent employment of 3.5 million employees in 1974 and 4.1 million employees in 1980.

— America's reliance on the independent sector continued to grow. In constant 1972 dollars and related to the population, the sector's per capita operating expenditures increased 70 percent from 1960 to 1980, and 12 percent from 1974 to 1980. In 1980 current dollars, the sector's per capita operating expenditures was $805 which includes the value of volunteer time.

— There were 785,000 organizations reported in the independent sector in 1980. Among these diverse organizations were voluntary organizations, schools, churches, research organizations, foundations, civic and social welfare organizations and advocacy organizations serving educational, scientific, religious or other charitable purposes.

SECTION ONE: THE INDEPENDENT SECTOR: AN OVERVIEW

The independent sector encompasses what has been called the third sector or voluntary sector of American life. It is a diverse sector including a wide range of institutions such as religious organizations, private colleges and universities, foundations, hospitals, day care centers, youth organizations, advocacy organizations, and neighborhood organizations, to name but a few. But its community transcends sectors and includes millions of individual donors and volunteers, as well as the social responsibility programs of corporations.

For the purposes of this profile, the independent sector includes those not-for-profit, tax-exempt organizations that are voluntary organizations, churches, private schools, and foundations. It also includes company-sponsored foundations[1] that engage in charitable, educational, religious, scientific and other not-for-profit activities that serve the public good, as well as social welfare and civic associations.[2] These organizations represent the major part of all not-for-profit organizations. The purpose of this statistical profile is to chart and describe the dimensions and scope of the independent sector as defined above; however, many of the tables presented in this profile will show totals for all not-for-profit organizations in order to reveal the dimensions of the independent sector in relation to all not-for-profit organizations.

Since colonial times, the independent sector has been an important part of American life and, accordingly, of the economy. The purpose of this section is to estimate the dimensions of this sector within the context of the American economy and with the realization that the independent sector interacts with both the for-profit and government sectors through its contributions to the quality of life and community development.

An overall description of the independent sector includes its size in terms of its share of national income, its share of total U.S. employment and earnings from work, and its size in relation to numbers of organizations. Each of these characteristics of the dimensions are developed in more detail in this section, but Table 1.0 provides an overview of the independent sector in comparison to business and government from 1974 to 1982.

National income originating in the independent sector was $123 billion or 5.5 percent of total national income in 1980. This represented an increasing proportion of national income, up from 5.1 percent in 1974. Other not-for-profit organizations accounted for less than one percent (approximately $12 billion) of national income in 1980.[3]

In comparison, business accounted for 80 percent of national income in 1980, up from 79 percent in 1974. Government's proportion of national income declined from 15 percent in 1974 to 14 percent in 1980.

Table 1.0

SELECTED INDICATORS FOR THE INDEPENDENT SECTOR (I/S) AMONG THE THREE MAJOR SECTORS IN THE ECONOMY: PRIVATE NOT-FOR-PROFIT, BUSINESS, AND GOVERNMENT SELECTED YEARS: 1982-1974

Indicators	National income originating in I/S. I/S as percent of total National Income			I/S wages and salaries as percent of total earnings from labor			I/S employment as percent of total U.S. employment			I/S organizations as percent of total number of entities operating in U.S.			I/S organizations as percent of tax-exempt organizations (including churches)		
Sectors	(In billions of dollars)			(In billions of dollars)			(In thousands)			(In thousands)			(In thousands)		
	1980	1977	1974	1980	1977	1974	1980	1977	1974	1980	1977	1974	1982	1980	1977
Total (number)	$2,241.5	$1,636.8	$1,216.1	$1,541.5	$1,137.9	$893.2	111,425	102,740	98,456	18,058	15,944	14,985	1,180	1,182	1,123
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—	—	—
A. Private not-for-profit	6.0	5.9	5.7	8.2	8.0	7.3	9.9	9.8	9.2	6.6	7.0	6.7	100.0	100.0	100.0
Independent sector	**5.5**	**5.4**	**5.1**	**7.5**	**7.4**	**6.7**	**9.2**	**9.1**	**8.5**	**4.4**	**4.6**	**NA**	**67.2**	**66.4**	**65.8**
Other not-for-profit	0.5	0.5	0.5	0.7	0.7	0.7	0.8	0.8	0.7	2.2	2.4	NA	32.8	33.6	34.2
B. Business	80.1	79.5	79.1	74.5	73.8	74.3	72.1	71.8	72.2	93.0	92.5	92.8	—	—	—
C. Government	14.0	14.6	15.2	17.3	16.2	18.3	18.0	18.4	18.6	0.5	0.5	0.5	—	—	—

Sources: See Tables 1.1, 1.2, 1.3, 1.4, 1.5 and 1.6
Dash = Not applicable
NA = Not available

[1]Social responsibility programs of corporations are described and counted as contributors to the sector, but tables giving trends in numbers, programs, and finances refer only to those organizations that have tax-exempt status.

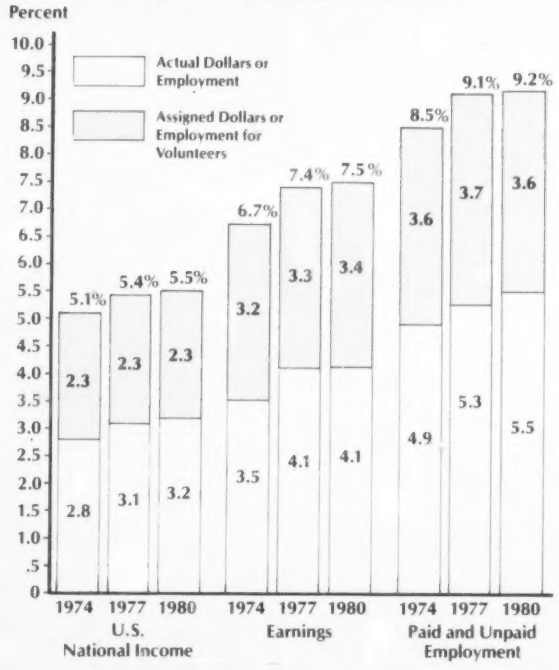
[2]These organizations are defined as 501(c)(3) and 501(c)(4) organizations under the tax code for tax-exempt organizations. The sector also includes many small organizations and churches that do not have to apply for tax-exempt status. A fuller description of the numbers and definitions of these organizations is provided later in this section and in Notes to Section One, pp. 70-73.

[3]National income figures include the assigned values of time contributed by volunteers and unpaid family workers. Please see Tables 1.1 and 1.2.

Earnings from work in the independent sector were approximately $116 billion in 1980 or 7.5 percent of the total for that year.[4] This proportion represented an increase from 6.7 percent in 1974. In comparison, earnings from work in the private for-profit sector remained relatively steady from 1974 to 1980, and the proportion of total earnings from government declined from 18.3 percent in 1974 to 17.3 percent in 1980.

Figure 1.0

Independent Sector Indicators: Percent Shares of U.S. National Income, Earnings, Paid and Unpaid Employment: 1974, 1977, and 1980



Source: Tables 1.2, 1.3, and 1.5

Employment in the independent sector increased as a proportion of total employment from 8.5 percent in 1974 to 9.2 percent in 1980.[5] The independent sector employed 10.2 million people in 1980, up from 8.3 million in 1974.

Employment in the business sector during this period remained steady in relation to total employment at approximately 72 percent, while employment in the government sector declined slightly from 18.6 percent in 1974 to 18.0 percent in 1980.

From 1977 through 1982, the number of reported organizations in the independent sector relative to all private not-for-profit organizations increased from 65.8 to 67.2 percent as shown in Table 1.0. As a percent of the total number of organizations in all sectors, the independent sector remained relatively steady—representing slightly more than four percent in 1980.

The trends show that the independent sector plays a significant role in American society, and that its importance is increasing. In terms of its proportion of national income, of total wages and earnings from work, and of total employment—both paid and volunteer—it makes a significant contribution to the American economy and quality of life. The rest of this section is devoted to charting the independent sector along these dimensions.

How Much of National Income Originates In The Independent Sector?

One way of determining the size and scope of the independent sector is to estimate its proportion of national income. The national income of the United States is the measure of the total factor costs, including labor and property earnings, necessary to produce the total goods and services of our economy. It excludes depreciation allowances and indirect business taxes that are included in the larger aggregate figure of the Gross National Product. For all private not-for-profit organizations and government, only compensation of employees (including wages and salaries and supplements to wages and salaries such as employer contributions for social insurance, pension plans, health insurance, etc.,) is counted in estimates of national income. Returns from capital are included only for the for-profit sector.

[4]Earnings from work include the assigned values for volunteer time and unpaid family workers. Please see Table 1.3.

[5]Total employment figures include the conversion of time contributed by volunteers and unpaid family workers to full-time equivalent employment. Please see Tables 1.4 and 1.5.

Total national income in 1980 was $2.2 billion, including the assigned or imputed value for volunteer time and unpaid family workers.

The independent sector's share of national income was 5.5 percent or $123 billion and all other not-for-profit organizations 0.5 percent or $12 billion. In comparison, in 1980 the for-profit sector's share of national income was 80 percent and government's share was 14 percent.

Of the $123 billion share of national income provided by the independent sector in 1980, it is estimated that $52 billion or 2.3 percent was contributed volunteer time as shown in Table 1.2.[6] Another $4 billion or 0.2 percent of national income came from volunteer time contributed by individuals to other not-for-profit organizations, and $6 billion or 0.3 percent of national income came from volunteer time contributed to government.

Table 1.1

NATIONAL INCOME BY THE THREE MAJOR SECTORS: 1980, 1977, and 1974
(In billions of dollars)

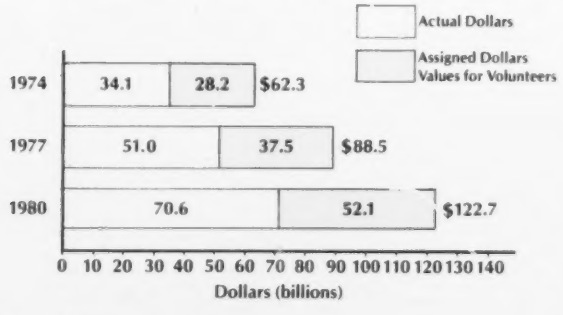
Sector	1980		1977		1974	
	Dollars	%	Dollars	%	Dollars	%
Total	$2,241.5	100.0	$1,636.8	100.0	$1,216.1	100.0
A. Private not-for-profit	134.3	6.0	96.9	5.9	68.9	5.7
Independent sector	122.7	5.5	88.5	5.4	62.3	5.1
Other not-for-profit	11.6	0.5	8.4	0.5	6.6	0.5
B. Business	1,794.6	80.1	1,300.5	79.5	962.4	79.1
C. Government	312.6	14.0	239.4	14.6	184.7	15.2

Sources: U.S. Department of Commerce (Bureau of the Census, and Bureau of Economic Analysis); U.S. Department of Labor (Bureau of Labor Statistics); Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77 (Program on Non-Profit Organizations, Yale University, 1983); and Weitzman, "Measuring the Number, Hours Spent and Dollar Value of Volunteer Activity of Americans," *Working Papers*, INDEPENDENT SECTOR, and authors' estimates.

Notes to Table 1.1 on p. 70

Figure 1.1

Independent Sector: National Income Originating in Sector: 1974, 1977, and 1980



Source: Table 1.2

Table 1.2

NATIONAL INCOME, INCLUDING ASSIGNED VALUES FOR VOLUNTEERS AND UNPAID FAMILY WORKERS, BY THE THREE MAJOR SECTORS: 1980, 1977, AND 1974
(In billions of dollars)

Sector	1980		1977		1974	
	Dollars	%	Dollars	%	Dollars	%
Total	$2,241.5	100.0	$1,636.8	100.0	$1,216.1	100.0
Excluding assigned values[1]	2,174.0	97.0	1,586.0	96.9	1,176.8	96.8
Assigned values-imputations[2]	67.5	3.0	50.8	3.1	39.3	3.2
Volunteers	62.7	2.8	45.1	2.8	34.1	2.8
Unpaid family workers	4.8	0.2	5.7	0.4	5.2	0.4
A. Private not-for-profit	134.3	6.0	96.9	5.9	68.9	5.7
Excluding assigned values[3]	77.9	3.5	56.3	3.4	38.2	3.1
Assigned values-volunteers	56.4	2.5	40.6	2.5	30.7	2.5
Independent sector	122.7	5.5	88.5	5.4	62.3	5.1
Excluding assigned values	70.6	3.2	51.0	3.1	34.1	2.8
Assigned values-volunteers	52.1	2.3	37.5	2.3	28.2	2.3
Other not-for-profit	11.6	0.5	8.4	0.5	6.6	0.5
Excluding assigned values	7.3	0.3	5.3	0.3	4.1	0.3
Assigned values-volunteers	4.3	0.2	3.1	0.2	2.5	0.2
B. Business[4]	1,794.6	80.1	1,300.5	79.5	962.4	79.1
Excluding assigned values	1,789.8	79.9	1,294.8	79.1	957.2	78.7
Assigned values-unpaid family workers	4.8	0.2	5.7	0.4	5.2	0.4
C. Government	312.6	14.0	239.4	14.6	184.7	15.2
Excluding assigned values	306.3	13.7	234.9	14.4	181.3	14.9
Assigned values—volunteers	6.3	0.3	4.5	0.3	3.4	0.4

Sources: U.S. Department of Commerce (Bureau of the Census, and Bureau of Economic Analysis); U.S. Department of Labor (Bureau of Labor Statistics); Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77 (Program on Non-Profit Organizations, Yale University, 1983); Weitzman, "Measuring the Number, Hours Spent and Dollar Value of Volunteer Activity of Americans," *Working Papers*, INDEPENDENT SECTOR, and authors' estimates.

Notes to Table 1.2 on p. 70

How Much Income Did Americans Earn From Work In Each Of The Sectors?

In 1980, Americans earned approximately $1,542 billion, of which $1,474 billion or 95.6 percent were actual earnings. As shown in Table 1.3, 88 percent or $1,357 billion were wages and salaries; 7.6 percent or $117 billion came from self-employed workers; 4.1 percent or $63 billion was contributed by volunteers; and $4.8 billion by unpaid family workers. In other words—earnings from work in this nation would have been $1,474 billion rather than $1,542 billion were it not for the volunteer contribution of $63 billion in unpaid earnings in 1980. These volunteer hours, contributed by over 80 million Americans, accounted for 4.1 percent of total earnings from work in 1980.

[6]The value of volunteer time in 1980 was estimated at $7.46 per hour. Please see notes to Table 1.2 on p. 70 for an explanation of the calculations used by the authors to estimate the value of volunteer time.

In 1980, the independent sector accounted for 7.5 percent or $116 billion of total earnings from work. This accounted for 91.3 percent of all private not-for-profit organizations' total earnings from work. Of this

Table 1.3

EARNINGS FROM WORK: WAGES AND SALARIES, SELF-EMPLOYMENT INCOME, AND ASSIGNED VALUES FOR VOLUNTEERS AND UNPAID FAMILY WORKERS, BY THE THREE MAJOR SECTORS: 1980, 1977, AND 1974
(In billions of dollars)

	1980		1977		1974	
Sector by Type of Earnings	Dollars	%	Dollars	%	Dollars	%
Total	$1,541.5	100.0	$1,137.9	100.0	$ 893.2	100.0
Actual earnings	1,474.0	95.6	1,087.1	95.5	853.9	95.6
Wages and salaries[1]	1,356.6	88.0	983.2	86.4	765.2	85.7
Self-employment[2]	117.4	7.6	103.9	9.1	88.7	9.9
Assigned values—imputations	67.5	4.4	50.8	4.5	39.3	4.4
Volunteers[3]	62.7	4.1	45.1	4.0	34.1	3.8
Unpaid family workers[4]	4.8	0.3	5.7	0.5	5.2	0.6
A Private not-for-profit	126.5	8.2	91.5	8.0	65.6	7.3
Wages and salaries[5]	70.1	4.6	50.9	4.5	34.9	3.9
Assigned values-volunteers[6]	56.4	3.7	40.6	3.6	30.7	3.4
Independent sector	115.6	7.5	83.6	7.4	59.4	6.7
Wages and salaries[5]	63.5	4.1	46.1	4.1	31.2	3.5
Assigned values-volunteers[6]	52.1	3.4	37.5	3.3	28.2	3.2
Other not-for-profit	10.9	0.7	7.9	0.7	6.2	0.7
Wages and salaries[5]	6.6	0.4	4.8	0.4	3.7	0.4
Assigned values—volunteers[6]	4.3	0.3	3.1	0.3	2.5	0.3
B Business[7]	1,148.4	74.5	839.5	73.8	663.8	74.3
Wages and salaries[7]	1,026.2	66.6	729.9	64.1	569.9	63.8
Self-employment[2]	117.4	7.6	103.9	9.1	88.7	9.9
Assigned values—unpaid family workers[4]	4.8	0.3	5.7	0.5	5.2	0.6
C Government	266.6	17.3	206.9	18.2	163.8	18.3
Wages and salaries[1]	260.3	16.9	202.4	17.8	160.4	18.0
Assigned values—volunteers[6]	6.3	0.4	4.5	0.4	3.4	0.4

Sources: U.S. Department of Commerce (Bureau of the Census and Bureau of Economic Analysis); U.S. Department of Labor (Bureau of Labor Statistics); Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77, (Program on Non-Profit Organizations, Yale University, 1983); Weitzman, "Measuring the Number, Hours Spent and Dollar Value of Volunteer Activity of Americans," *Working Papers*, INDEPENDENT SECTOR; and authors' estimates.

Notes to Table 1.3 on p. 70.

$116 billion, $52 billion (approximately 45 percent of total earnings from work) was contributed earnings from work by volunteers to the independent sector.

Business accounted for 75 percent of total earnings from work in 1980 and government for 17 percent. Of the $267 billion in earnings from work originating in government, it is estimated that the equivalent of $6 billion or 0.4 percent came from volunteers.

How Many People Are Employed In The Independent Sector?

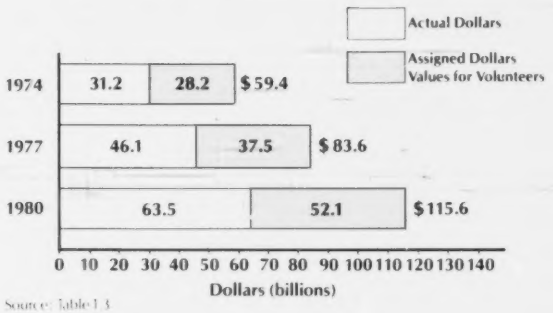
Another way of measuring size is to measure the number of people employed by various sectors, as shown in Table 1.4.

The proportion of total employment by sector changed slightly from 1974 to 1980. Employment in the independent sector grew fastest as a proportion of total employment, up from 8.5 percent in 1974 to 9.2 percent in 1980. Business maintained its proportion of total employment at approximately 72 percent, while total government employment declined slightly from 18.6 to 18.0 percent. However, these percentages hide the fact that the total number of employed Americans increased by 13 percent—from 98.5 million in 1974 to 111.4 million in 1980.

Total employment in the independent sector increased from 8.3 million to 10.2 million or 22 percent from 1974 to 1980. Employment in the independent sector represented approximately 92 percent of employment of all not-for-profit organizations. The 22

Figure 1.2

Independent Sector: Wages and Salaries, Paid, and Assigned Values for Volunteers: 1974, 1977, and 1980



Source: Table 1.3

percent increase in employment in the independent sector demonstrates that employment increased faster in this sector than in either the for-profit or government sectors. From 1974 to 1980, employment increased in the for-profit sector approximately 13 percent from 71.1 million to 80.3 million. In government during this same period, employment increased approximately nine percent from 18.3 million to 20.1 million.

Table 1.4

ESTIMATES OF TOTAL EMPLOYMENT IN THE UNITED STATES BY THE THREE MAJOR SECTORS: 1980, 1977, AND 1974
(In thousands)

	1980		1977		1974	
Sector	Number	%	Number	%	Number	%
Total	111,425	100.0	102,740	100.0	98,546	100.0
A Private not-for-profit	11,077	9.9	10,079	9.8	9,074	9.2
Independent sector	10,222	9.2	9,301	9.1	8,349	8.5
Other not-for-profit	855	0.8	778	0.8	725	0.7
B Business	80,296	72.1	73,739	71.8	71,140	72.2
C Government	20,052	18.0	18,922	18.4	18,322	18.6

Sources: U.S. Department of Commerce (Bureau of the Census and Bureau of Economic Analysis); U.S. Department of Labor (Bureau of Labor Statistics); Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77, (Program on Non-Profit Organizations, Yale University, 1983); Weitzman, "Measuring the Number, Hours Spent and Dollar Value of Volunteer Activity of Americans," *Working Papers*, INDEPENDENT SECTOR; and authors' estimates.

Notes to Table 1.4 on p. 70.

What Types of Employment Characterize The Sectors?

Employment is defined as paid wage and salary workers in either full-time, part-time, or self-employed positions, and persons working without pay, including volunteers and unpaid family workers. For the purposes of Tables 1.4 and 1.5, estimates of the amount of time contributed by volunteers have been converted to full-time equivalent employment based on 1700 hours of work per year. Over 80 million American adults in 1980 contributed 8.4 billion volunteer hours to American society for an estimated equivalent of 4.9 million full-time employees.

Table 1.5

ESTIMATES OF EMPLOYMENT IN THE UNITED STATES BY THE THREE MAJOR SECTORS AND BY TYPE OF EMPLOYMENT: 1980, 1977, AND 1974
(In thousands)

	1980		1977		1974	
Sector by Type of Employment	Number	%	Number	%	Number	%
Total	111,425	100.0	102,740	100.0	98,546	100.0
Paid employment[1]	105,813	95.0	97,299	94.7	93,470	94.9
Full-time and part-time employees[1]	97,148	87.2	89,630	87.2	86,012	87.3
Self-employed[1]	8,665	7.8	7,699	7.5	7,458	7.6
Unpaid employment	5,612	5.0	5,441	5.3	5,076	5.2
Volunteers[2]	4,900	4.4	4,600	4.5	4,200	4.3
Family workers[3]	712	0.6	841	0.8	876	0.9
A Private not-for-profit	11,077	9.9	10,079	9.8	9,074	9.2
Full-time and part-time employees[4]	6,677	6.0	5,929	5.8	5,274	5.4
Volunteers	4,400	4.0	4,150	4.0	3,800	3.9
Independent sector	**10,222**	**9.2**	**9,301**	**9.1**	**8,349**	**8.5**
Full-time and part-time employees	**6,162**	**5.5**	**5,471**	**5.3**	**4,849**	**4.9**
Volunteers	**4,060**	**3.6**	**3,830**	**3.7**	**3,500**	**3.6**
Other not-for-profit	855	0.8	788	0.8	725	0.7
Full-time and part-time employees	515	0.5	458	0.5	425	0.4
Volunteers	340	0.3	320	0.3	300	0.3
B Business	80,296	72.1	73,739	71.8	71,140	72.2
Full-time and part-time employees	70,919	63.7	65,229	63.5	62,806	63.7
Self-employed	8,665	7.8	7,669	7.5	7,458	7.6
Unpaid family workers	712	0.6	841	0.8	876	0.9
C Government	20,052	18.0	18,922	18.4	18,332	18.6
Full-time and part-time employees	19,552	17.6	18,472	18.0	17,932	18.2
Volunteers	500	0.5	450	0.4	400	0.4

Sources: U.S. Department of Commerce (Bureau of the Census and Bureau of Economic Analysis); U.S. Department of Labor (Bureau of Labor Statistics); Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77, (Program on Non-Profit Organizations, Yale University, 1983); Weitzman, "Measuring the Number, Hours Spent and Dollar Value of Volunteer Activity of Americans," *Working Papers*, INDEPENDENT SECTOR, and authors' estimates.

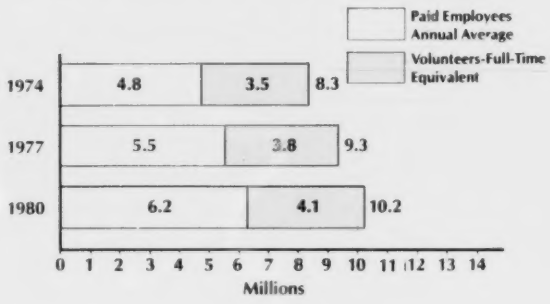
Notes to Table 1.5 on p. 70

In 1980, on average an estimated 111.4 million people worked and 105.8 million or 95 percent received pay. Another five percent contributed work for no pay. Of this group, 4.4 percent or an equivalent of 4.9 million employees were volunteers and 0.6 percent or 712,000 were unpaid family workers, as shown in Table 1.5.

Volunteer employment was found primarily in the independent sector. In 1980, American volunteers in the independent sector accounted for approximately 4.1 million equivalent full-time employees; for 340,000 in other private not-for-profit organizations; and for some 500,000 in the government sector.

Figure 1.3

Independent Sector: Full-Time and Part-Time Paid Employees and Volunteers: 1974, 1977, and 1980



Source: Table 1.5

How Many Organizations Are In The Independent Sector?

Counting the number of institutions in the independent sector is a challenge, for their number includes both organizations that form part of the not-for-profit tax-exempt organizations as determined by tax law, and religious institutions which by law do not have to report to the federal government. But the independent sector also includes several thousand organizations defined as public charities with annual revenues below $5,000 that are not required to apply for tax-exempt status; the social responsibility programs of corporations which file different tax forms; and not-for-profit organizations that file omnibus tax forms covering many separate organizations nationwide, such as the Boy Scouts.

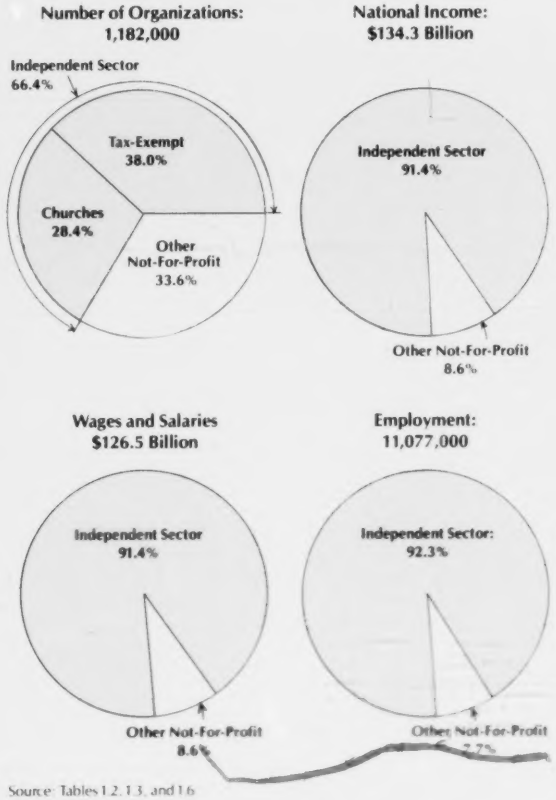
There were an estimated 1.2 million not-for-profit organizations in 1982. The U.S. Department of the Treasury reported 841,000 not-for-profit organizations, excluding churches, on its Master File.[7] The number of not-for-profit organizations that are included in the independent sector are covered in the 501 series of the tax code for tax-exempt organizations.

[7]Foundations sponsored by companies are included in the reported numbers for not-for-profit organizations.

The IRS reported that approximately 323,000 organizations in 1982 had 501(c)(3) tax-exempt status. These organizations engaged in all types of educational, research, scientific, religious, philanthropic (foundations, including company-sponsored foundations), and other charitable activities.

Figure 1.4

Independent Sector: Selected Dimensions
Percent of All Not-For-Profit Organizations
1980



Source: Tables 1.2, 1.3, and 1.6

Other tax-exempt organizations that serve primarily charitable purposes are included in our definition of independent sector organizations. There were approximately 132,000 organizations in the 501(c)(4) category (comprised primarily of civic leagues and social welfare organizations) reported by the IRS in 1982. By law, 501(c)(3) organizations are eligible to receive contributions which are tax deductible for both individuals and corporations. Although 501(c)(4) organizations are tax-exempt, generally these organizations cannot receive tax deductible contributions.

By statute, churches are tax-exempt and do not have to file for tax-exempt status with the Internal Revenue Service. About 50,000 religious organizations are included among the 454,000 independent sector organizations, but they are primarily religious associations, social welfare organizations, or schools run by the various denominations. If a church does apply for tax-exempt status, it receives omnibus coverage for all of its units. Omnibus coverage can also apply to large voluntary organizations, such as the Boy Scouts, which would be counted as one organization. As a result of such rulings, and because many small organizations with less than $5,000 in revenues do not have to apply for tax-exemption, the number of organizations in the independent sector is greatly understated.

The most recent estimate of the number of churches was 339,000 in 1982,[8] as reported in the annual *Yearbook of American and Canadian Churches* and the *Statistical Abstract of the United States*. Adding independent sector organizations together with churches brings the estimated total number of *reported* independent sector organizations in 1982 to approximately 793,000, as shown in Table 1.6.

Table 1.6

NUMBER OF ACTIVE NOT-FOR-PROFIT ENTITIES, INCLUDING ESTIMATED NUMBER OF CHURCHES IN THE UNITED STATES: 1982, 1980, 1977, AND 1974
(In thousands)

	1982		1980		1977		1974	
Entity Type	No	%	No	%	No	%	No	%
Independent sector[1]								
1. Tax-exempt organizations reported by IRS*	454	38.5	449	38.0	406	36.2	NA	NA
2. Churches[2]	339	28.7	336	28.4	333	29.7	332	33.0
Total independent sector	793	67.2	785	66.4	739	65.9	NA	NA
Other not-for-profit organizations	387	32.8	397	33.6	384	34.2	NA	NA
Total not-for-profit	1,180	100.0	1,182	100.0	1,123	100.0	1,005	100.0

Sources: U.S. Department of the Treasury and National Council of the Churches of Christ in the United States of America, *Yearbook of American and Canadian Churches*, annual (copyright).

NA = Not available.

*These include all 501(c)(3) and (c)(4) organizations, including company-sponsored foundations, with tax-exempt status from the IRS. For detailed definitions, see notes to Table 1.6 on pp. 000, which includes a detailed breakdown of churches by denomination.

Notes to Table 1.6 on pp. 70-71.

[8]A detailed breakdown of churches by denomination is included in the notes to Table 1.6 on pp. 70-71.

With these difficulties in mind, the number of entities in the independent sector in Table 1.6 is based on the number of reported charitable, civic, and social welfare organizations, and the estimated number of churches in the United States. Were there an accurate count of churches, or of individual units of organizations that fill out omnibus forms with the IRS, or of the thousands of organizations that do not have to apply for tax-exempt status, we would be dealing with several million organizations in the independent sector.

How Large Is The Independent Sector In Comparison To Business And Government?

Table 1.7 shows the breakdown of the three major sectors into various groupings for 1974, 1977, and 1980. In terms of numbers of entities, the independent sector represented approximately four percent of all organizations operating in the United States in 1980. Total private not-for-profit organizations represented about seven percent of all organizations. In 1980, the independent sector had approximately 785,000 reported entities. In comparison, 16.8 million private business organizations filed federal income tax forms representing approximately 93 percent of total U.S. organizations, while all government entities (federal, state and local) accounted for 83,000 units, or less than one percent of all organizations.

Table 1.7

NUMBER OF ENTITIES OPERATING IN THE UNITED STATES BY THE THREE MAJOR SECTORS AND SELECTED COMPONENTS: 1980, 1977, AND 1974
(In thousands)

Sector	1980		1977		1974	
	Number	%	Number	%	Number	%
Total	18,058	100.0	15,944	100.0	14,985	100.0
A Private not-for-profit[1]	1,182	6.6	1,123	7.0	1,005	6.7
Independent sector organizations	785	4.4	739	4.6	NA	NA
Other not-for-profit	397	2.2	384	2.4	NA	NA
B Business[2]	16,793	93.0	14,741	92.5	13,902	92.8
Agricultural, forestry and fisheries[2]	3,486	19.3	3,364	21.1	3,561	23.8
Farms[3]	2,428	13.5	2,456	15.4	2,521	16.8
Forestry and fisheries[3]	1,058	5.9	908	5.7	1,040	6.9
Services ("Other")[2]	4,777	26.5	4,046	25.4	3,524	23.5
C Government[4]	83	0.5	80	0.5	78	0.5
Federal	—	—	—	—	—	—
States	—	—	—	—	—	—
Local	83	0.5	80	0.5	78	0.5

Sources: U.S. Department of the Treasury, National Council of the Churches of Christ in the United States of America, U.S. Department of Commerce (Bureau of the Census), and U.S. Department of Agriculture (Statistical Reporting Service).

NA = Not available. Dash = Less than 500.

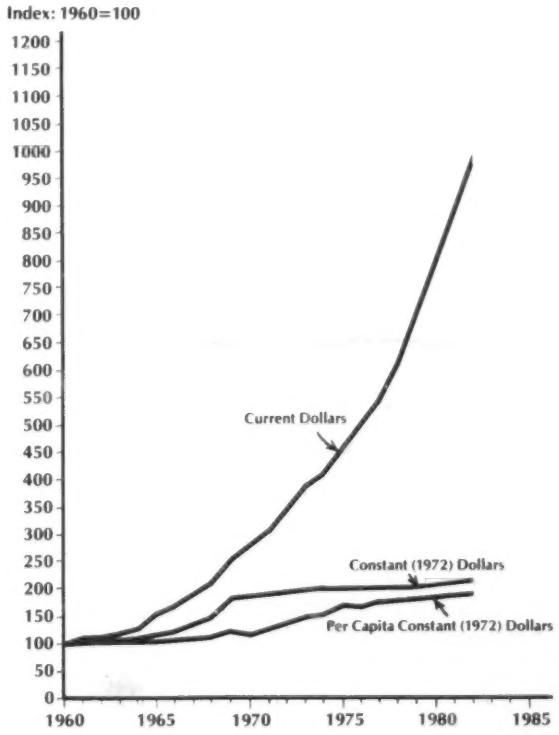
Notes to Table 1.7 on pp. 71-72.

How Much Do The American People Expend On The Independent Sector?

A quantitative indicator of the independent sector's commitment and contribution to improving the quality of life for individuals and communities can be conceived as the relationship between its total expenditures and the total American population. Towards this end, expenditure estimates have been developed which refer to all private not-for-profit organizations since the data is not available solely for the independent sector. However, it is estimated that more than 90 percent of both employment and earnings from work of all private not-for-profit organizations is attributable to the independent sector.

Figure 1.5

Private Not-For-Profit Organizations: Estimates of Current Operating Expenditures 1960-1982



Source: Table 1.8

It is estimated that current operating expenditures for all private not-for-profit organizations have increased from approximately $18 billion in 1960 to $181 billion in 1982, as shown in Table 1.8. In constant 1972 dollars, these expenditures range from $36 billion in 1960 to $79 billion in 1982, an increase of 118 percent. During this period, the American population increased from 181 million to 232 million persons or 28 percent. Therefore, in current dollars, expenditures not include the assigned dollar value of time contributed by volunteers, but such estimates can be made by adding to total expenditures the assigned dollar estimates for volunteer contributions. When these computations are made, as shown in Table 1.9, per capita expenditures in current dollars for all not-for-profit organizations increase from $351 to $495 in 1974; from $451 to $635 in 1977; and from $628 to $879 in 1980. To summarize, the inclusion of assigned

Table 1.8

PRIVATE NOT-FOR-PROFIT ORGANIZATIONS: ESTIMATED CURRENT OPERATING EXPENDITURES: 1982-1960

(Total expenditures in billions, per capita expenditures in dollars, and population in millions)

	TOTAL[1]				PER CAPITA		Population[2]
	Current dollars		Constant (1972) dollars		Constant (1972) dollars		(Mid-year)
Year	Amount	Index 1960 = 100	Amount	Index 1960 = 100	Amount	Index 1960 = 100	Number
1982[P]	180.7	993	79.0	218	340	170	232.1
1981	162.2	891	78.7	217	342	171	229.9
1980	143.1	786	76.9	212	338	169	227.7
1979	125.6	690	74.5	206	331	166	225.1
1978	111.8	614	71.8	198	323	162	222.6
1977	99.3	546	68.4	189	311	156	220.3
1976	91.5	503	67.6	187	310	155	218.1
1975	83.6	459	67.1	185	311	156	216.0
1974	75.1	413	64.4	178	301	151	213.9
1973	67.8	373	63.5	175	300	150	211.9
1972	61.8	340	61.8	171	294	147	209.9
1971	56.0	308	59.6	165	287	144	207.7
1970	50.5	277	57.6	159	281	141	205.1
1969	45.5	250	57.5	159	284	142	202.7
1968	39.5	217	54.2	150	270	135	200.7
1967	34.9	192	51.6	143	260	130	198.8
1966	31.1	171	48.5	134	247	124	196.6
1965	27.6	152	45.1	125	232	116	194.3
1964	25.3	139	42.5	117	222	111	191.9
1963	23.1	127	40.7	112	215	108	189.3
1962	21.3	117	39.3	109	211	106	186.6
1961	19.5	107	37.3	103	203	102	183.7
1960	18.2	100	36.2	100	200	100	180.8

Sources: U.S. Department of Commerce (Bureau of Economic Analysis, and Bureau of the Census) and authors' estimates.

P = Preliminary.

Notes to Table 1.8 on pp. 72-73.

of this sector for every American increased from approximately $101 in 1960 to $779 in 1982. In real terms, however, these per capita expenditures increased 70 percent from 1960 to 1982. When these expenditures are translated into 1972 constant dollars, not-for-profit organizations expended $200 in 1960 and $340 in 1982 for every American man, woman, and child. It is estimated that over 90 percent of these per capita expenditures came from the independent sector.

The previous total and per capita expenditure estimates for all private not-for-profit organizations do dollar values for time contributed by volunteers probably adds about 40 percent to the estimates for per capita expenditures shown in Table 1.9.

Another quantitative indicator of the independent sector's relationship to American society is a comparison of both its absolute and relative share of services in terms of expenditures stemming from all not-for-profit organizations compared with that of total personal consumption expenditures and total services. Table 1.10 presents this comparison. In current dollars from 1960 to 1982, per capita expenditures for not-for-profit organizations increased from $101 to

$779, with more than 90 percent of these expenditures attributable to the independent sector. In relative terms, these per capita expenditure estimates associated with private not-for-profit organizations in 1960 represented 5.6 percent of total personal consumption expenditures on a per capita basis and accounted for 9.1 percent in 1982. For the years 1980 and 1981, the percentages were 8.6 and 8.7 of per capita consumption expenditures. The severe recession experienced in 1982 had a greater impact on the consumption of both durable and nondurable goods than of services. With the onset of an economic recovery in 1982, the earlier percentages for 1980 and 1981 are likely to prevail.

Table 1.9

PRIVATE NOT-FOR-PROFIT ORGANIZATIONS: ESTIMATED CURRENT AND PER CAPITA OPERATING EXPENDITURES, INCLUDING ASSIGNED DOLLAR VALUES FOR VOLUNTEERS: 1980, 1977, AND 1974

(Current dollars in billions and population in millions)

Year	EXPENDITURES[1]				Population[1] (Mid-year)
	Paid	Assigned Values[2]	Total	Per Capita	
1980	$143.1	$ —	$143.1	$628	227.7
	143.1	56.4	199.5	879	227.7
1977	99.3	—	99.3	451	220.3
	99.3	40.6	139.9	635	220.3
1974	75.1	—	75.1	351	213.9
	75.1	30.7	105.8	495	213.9

Sources: U.S. Department of Commerce (Bureau of Economic Analysis and Bureau of the Census); Weitzman, "Measuring the Number, Hours Spent and Dollar Value of Volunteer Activity of Americans," *Working Papers*, INDEPENDENT SECTOR; and authors' estimates.

Dash = Not included

Notes to Table 1.9 on p. 73.

Again, in current dollars, a comparison of private not-for-profit organization expenditures with that of total personal consumption expenditures for services shows that private not-for-profit organizations expenditures were up from 14 percent of total in 1960 to 18.3 percent in 1982. Estimates for 1974 and 1975 were 19.1 percent, increasing from 18.6 percent in 1970. It would thus appear that, in recent years, private not-for-profit organization expenditures in current dollars have increased almost proportionately to that of personal consumption expenditures for total services, which is the fastest growing element in the American economy.

Table 1.10

A COMPARISON OF PER CAPITA EXPENDITURES: PERSONAL CONSUMPTION BY TYPE AND PRIVATE NOT-FOR-PROFIT ORGANIZATIONS IN CURRENT AND CONSTANT (1972) DOLLARS: SELECTED YEARS 1982-1960

Year	Personal Consumption[1]				Private Not-For-Profit		
		GOODS				As percent of personal consumption:	
	Total	Durable	Nondurable	Services	Total[2]	Total (personal consumption)	Services (personal consumption)
CURRENT DOLLARS							
1982	$8,581	$1,053	$3,279	$4,250	$779	9.1	18.3
1981	8,078	1,027	3,192	3,859	706	8.7	18.3
1980	7,326	943	2,937	3,445	628	8.6	18.2
1977	5,468	809	2,174	2,485	451	8.3	18.2
1975	4,521	612	1,886	2,023	387	8.6	19.1
1974	4,152	568	1,746	1,838	351	8.5	19.1
1972	3,511	529	1,432	1,550	294	8.4	19.0
1970	3,031	415	1,296	1,320	246	8.1	18.6
1965	2,214	324	971	920	142	6.4	15.4
1960	1,797	238	836	723	101	5.6	14.0
CONSTANT (1972) DOLLARS							
1982	4,180	602	1,569	2,008	340[P]	8.1	16.9
1981	4,161	614	1,577	1,971	342	8.2	17.4
1980	4,093	604	1,562	1,927	338	8.3	17.5
1977	3,924	626	1,513	1,784	311	7.9	17.4
1975	3,609	522	1,424	1,664	311	8.6	18.7
1974	3,566	525	1,414	1,627	301	8.4	18.5
1972	3,511	529	1,432	1,550	294	8.4	19.0
1970	3,277	434	1,384	1,459	281	8.6	19.3
1965	2,868	374	1,255	1,239	232	8.1	18.7
1960	2,501	284	1,152	1,064	200	8.0	18.8

Sources: U.S. Department of Commerce (Bureau of Economic Analysis) and authors' estimates.

P = Preliminary

Notes to Table 1.10 on p. 73.

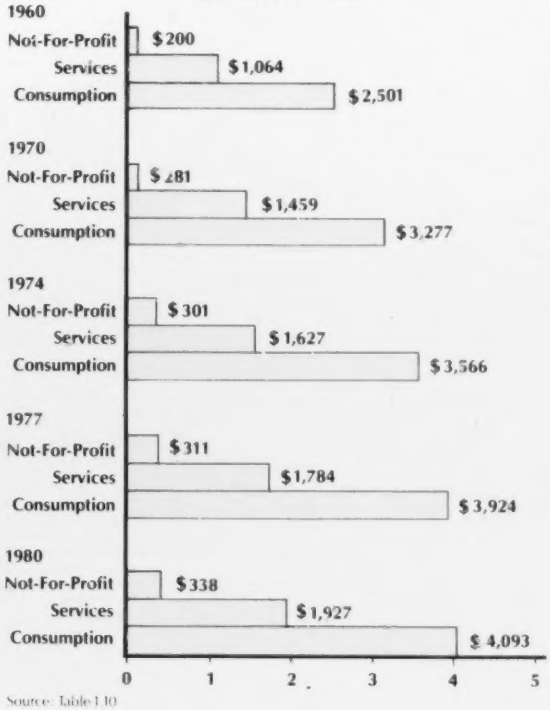
The constant (1972) dollar estimates, when compared with the current estimates in Table 1.10, illustrate that prices have increased at a faster rate in private not-for-profit organizations (particularly in health), than in the other sectors. This can be seen by examining the current and constant dollar estimates for the same years by category. For example, for 1981 and 1982, expenditures in current dollars for the not-for-profit sector were estimated at 18.3 percent of total consumption of services. However, in constant dollars the percentage went down from 17.4 percent in 1981 to 16.9 percent in 1982. For the same two years, expenditures in current dollars for not-for-profit organizations as a percentage of total personal consumption expenditures increased from 8.7 to 9.1 percent, but when stated in constant dollar terms the percentage declined from 8.2 percent in 1981 to 8.1 percent in 1982.

The organizations and people who constitute the independent sector contribute significantly to the welfare of the American people in such important areas as health, education, social services, religion, and culture. The various dollar estimates for the sector presented in this section, as well as the comparisons that have been made with the general economy, are not always accurate indicators of the independent sector's value to individuals, families, and communities. However, these various numbers and dollar estimates do represent a significant insight into and understanding and appreciation of the size, scope, and importance of the independent sector.

Figure 1.6

Per Capita Expenditures: Total Personal Consumption, Total Personal Services, and Private Not-For-Profit Organizations

Constant (1972) Dollars



Source: Table 1.10

SECTION TWO: FINANCIAL TRENDS OF THE INDEPENDENT SECTOR

Section Two provides an overview of the sector's sources of support and use of resources. It also provides historical information on employment and wages and salaries. This section shows that the independent sector continues to grow in terms of expenditures and employment—both paid and volunteer. It also shows that, although private contributions to the sector increased, the decade of the seventies was characterized by increasing reliance on government support for many of the sector's activities.

— Private contributions from individuals, bequests, foundations and corporations for both private and public purposes increased more than sevenfold between 1955 and 1980 from $6.7 billion to $48.2 billion. However, current expenditures for all not-for-profit organizations increased thirteenfold from $10.9 billion to $143.1 billion during this period.

— The relationship between contributions and current expenditures declined from 62 percent in 1955 to 34 percent in 1980. Much of this change can be attributed to the growth in government support for health, education, and social welfare and contributed to the marked expansion of the independent sector.

— The sixfold increase in per capita contributions by individuals in current dollars, from $41 in 1955 to $260 in 1982, is in stark contrast to a per capita increase of 14 percent in constant 1972 dollars, from $100 in 1955 to $114 in 1982. Per capita contributions in constant dollars peaked at $122 in 1969.

— Estimates of giving by households suggest that in 1981, one third of giving came from households with incomes below $20,000, approximately half came from households with incomes between $20,000 and $50,000, and between 15 and 20 percent of giving came from households with incomes greater than $50,000.

— From 1970 to 1980, the greatest growth in giving came from corporations and individuals, up 60 percent. During this same decade, giving from foundations grew by 33 percent and giving from bequests by 28 percent.

— In 1980, the independent sector used $183 billion for current operating expenditures. Of this, $123 billion was used for personnel—both paid and volunteer; $71 billion was used for paid employees; and $52 billion was the value assigned to volunteer time.

— From 1972 to 1982, paid employees grew from 6.2 to 7.3 percent of total employment for nonagricultural employees. In 1982, there were 6.5 million such employees earning an average salary of $12,525 (equal to 73 percent of average salary of $17,132 for all other nonagricultural employees). Total paid employees grew from 4.6 million in 1972 to 6.5 million in 1982, or increased slightly more than 40 percent over a decade. Included among paid employees are doctors, nurses, faculty at colleges and universities, teachers, ministers, missionaries, social workers and a host of professional and support workers who provide services to people through organizations and institutions.

SECTION TWO: FINANCIAL TRENDS OF THE INDEPENDENT SECTOR

The independent sector of American society obtains a substantial portion of its revenues differently than either the government or the for-profit sectors. Traditionally, charitable organizations have derived major support from contributions, rather than by creating a product or service and selling it, or by redistributing (mostly corporate and individual) tax payments to fund national, state, or local priorities, as in government. Charitable and voluntary organizations today derive support from a variety of sources: contributions from individuals, foundations, and corporations; fees for services; and government—either directly through grants and contracts, or through individuals who receive government funds and choose not-for-profit organizations for the services they need.

Rather than depend on a single source of revenue, the independent sector relies on multiple sources of support to carry out its work. Although the mix of revenues—contributions, fees for services, government support, interest from endowments and/or investments—varies by type of organization, most organizations are not solely dependent on any one source of income.

In Section One, Table 1.8, an historical series was constructed relating current operating expenditures for all private not-for-profit organizations to the population. The purpose of Section Two is to summarize the independent sector's current operating expenditures, especially labor costs, and its sources of support for such expenditures. Section Two also charts the changing trends in sources of revenues and in labor costs, primarily between 1974 and 1980.

How Do Contributions Relate To Expenditures In The Independent Sector?

Since colonial times, the traditional source of support for the independent sector has been individual contributions of time, money, and goods. Therefore, trends in private contributions and their relationship to expenditures in not-for-profit organizations are addressed first. Private contributions include cash and in-kind gifts from living individuals, bequests, corporations, and foundations. Estimates of such contributions have been assembled annually since 1955 by the American Association of Fund-Raising Counsel. These estimates can be compared with expenditures for not-for-profit organizations that are constructed from data published by the Bureau of Economic Analysis of the U.S. Department of Commerce.

Historically, private contributions are given not only to assist private not-for-profit organizations in their current operations, but also for a variety of other purposes. Private donations are made for capital expenditures, such as buildings; for endowments; and for academic scholarships and fellowships. Contributions are also made to public institutions, such as schools, universities, and hospitals, as well as to museums and governments. In Table 2.0, total contributions from all private sources are shown in relation to current operating expenditures in not-for-profit organizations and to total national income.

Although both series conceptually are not precise with respect to the independent sector, the overwhelming proportions of private contributions and current operating expenditures are associated with it. Therefore, by examining the estimates presented in Table 2.0, some broad inferences can still be made concerning the changing role of private contributions within the context of current operating expenditures in the independent sector.

Although private contributions increased more than sevenfold between 1955 and 1980, it is estimated that current expenditures in the not-for-profit sector went up thirteen times. Therefore, the relationship between contributions and current expenditures declined from approximately 62 percent in 1955 to 34 percent in 1980. Much of this change can be attributed to the growth of government support in health, education, and social welfare, which contributed to the marked expansion and growth of the independent sector.

Contributions as a percent of national income grew from approximately 2.0 percent in 1955 to a peak of 2.6 percent in 1971. After 1971, contributions gradually declined to 2.2 percent in 1979 before starting to rise again. Some of this variation may be due to estimating procedures rather than to any real change in giving practices. Private contributions have usually risen with general increases in current income in the United States, but such contributions have not kept pace with the growth in expenditures for the independent sector.

From 1955 to 1982, the steady progression recorded in private contributions in actual dollars, both in the aggregate and on a per capita basis, is very different

Table 2.0

PRIVATE DONOR CONTRIBUTIONS COMPARED WITH CURRENT OPERATING EXPENDITURES FOR ALL PRIVATE NOT-FOR-PROFIT ORGANIZATIONS, NATIONAL INCOME, AND POPULATION: 1982-1955

(Dollars in billions, per capita contributions in dollars, and population in millions)

Year	Contributions[1]	Current Operating[2] expenditures*	National[3] Income	Population[4] (Mid-year)	Contributions as percent of: Expenditures*	Contributions as percent of: National Income	Per Capita Contributions Column (1) divided by Column (4) Current dollars	Per Capita Contributions Column (1) divided by Column (4) Constant (1972) Dollars[5]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1982**	$59.1P**	$180.7	$2,450.4	232.1P	32.7**	2.41**	$255	$114
1982	60.4P	180.7	2,450.4	232.1P	33.4	2.46	260P	114
1981	54.1	162.2	2,373.0	229.9	33.4	2.28	235	114
1980	48.2	143.1	2,116.6	227.7	33.7	2.28	212	114
1979	43.5	125.6	1,966.7	225.1	34.6	2.21	193	115
1978	39.6	111.8	1,760.3	222.6	35.5	2.25	178	115
1977	36.0	99.3	1,550.5	220.3	36.3	2.32	163	113
1976	32.3	91.5	1,379.2	218.1	35.3	2.34	148	109
1975	29.3	83.6	1,239.4	216.0	35.1	2.36	136	109
1974	27.7	75.1	1,160.7	213.9	36.9	2.39	129	111
1973	25.6	67.8	1,086.2	211.9	37.8	2.36	121	113
1972	23.3	61.8	963.6	209.9	37.7	2.42	111	111
1971	22.8	56.0	871.5	207.7	40.7	2.62	110	117
1970	20.8	50.5	810.7	205.1	41.2	2.57	101	116
1969	19.6	45.5	779.3	202.7	43.1	2.52	97	122
1968	17.6	39.5	722.5	200.7	44.6	2.44	88	120
1967	15.8	34.9	662.2	198.8	45.3	2.39	79	118
1966	14.7	31.1	628.1	196.6	47.3	2.34	75	117
1965	13.3	27.6	572.4	194.3	48.2	2.32	68	112
1964	12.1	25.3	524.9	191.9	47.8	2.31	63	106
1963	11.4	23.1	488.5	189.3	49.4	2.33	60	106
1962	10.5	21.3	462.0	186.6	49.3	2.27	56	104
1961	9.8	19.5	428.8	183.7	50.4	2.29	53	102
1960	9.4	18.2	415.7	180.8	51.7	2.26	52	103
1959	9.0	16.0	400.8	177.1	56.3	2.25	51	105
1958	8.1	14.4	366.9	174.1	56.3	2.21	47	103
1957	7.9	13.1	365.2	171.3	60.3	2.16	46	102
1956	7.1	11.8	349.4	168.2	60.2	2.03	42	99
1955	6.7	10.9	330.5	165.3	61.5	2.03	41	100

Sources: American Association of Fund-Raising Counsel, Inc., and U.S. Department of Commerce, (Bureau of Economic Analysis and Bureau of the Census).

*Expenditures approximate 90% of those incurred in the independent sector based on a study by Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77, (Program on Non-Profit Organizations, Yale University, 1983).

**Excludes a bequest of $1.3 billion from J. Paul Getty to the Getty Museum.

P = Preliminary

Notes to Table 2.0 on p. 73.

from that shown in constant dollars. This is because the value of the dollar declined dramatically, especially during the 1970's historically high inflation rates. The sixfold increase in per capita contributions in current dollars, from $41 in 1955 to $260 in 1982, is in stark contrast to a per capita increase in constant 1972 dollars of 14 percent, from $100 in 1955 to $114 during 1930, 1981, and 1982. Per capita contributions in constant dollars peaked at $122 in 1969.

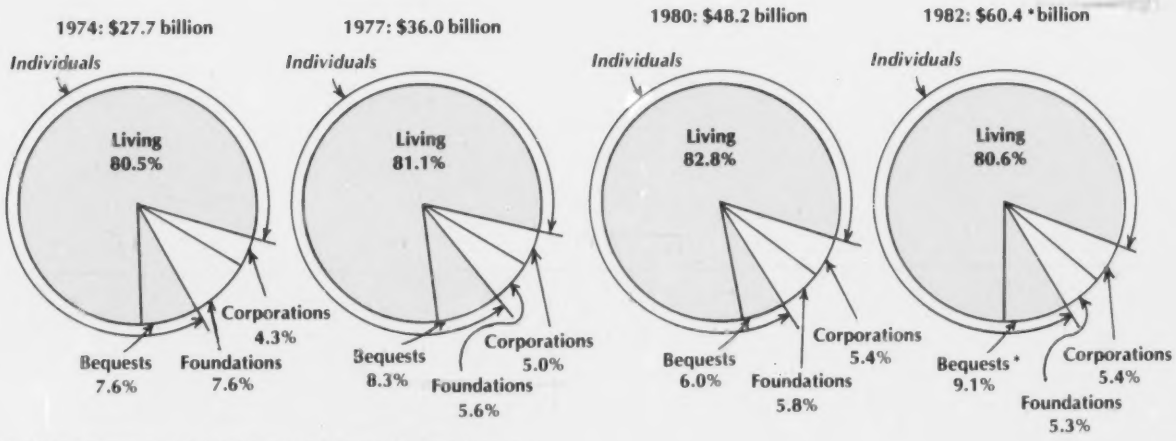
Some interesting trends can be discerned if total contributions are identified by source: living individuals, bequests, foundations, and corporations. Table 2.1 shows the breakdown of total contributions by source and the proportion of total private contributions each source represents. Individual giving both from living individuals and from bequests has remained fairly stable as a proportion of total contributions, representing 88 percent of total giving in 1955 and approximately 90 percent in 1980. However, the proportion of contributions from living individuals compared to gifts by bequests has varied over twenty-five years; this difference is probably due largely to changes in tax laws.

There are trends in the various types of giving over two decades. From 1960 through 1970, total giving grew by 55 percent; gifts from living individuals grew 52 percent; bequests grew by 71 percent; foundation giving by 63 percent; and corporate giving by 38 percent. The greatest growth in giving during this decade came from bequests and foundations, which are more dependent on earned income from capital and tax policy.

Somewhat the reverse happened in the decade between 1970 and 1980: individual giving grew by 60 percent; bequests by 28 percent, foundation giving by 33 percent; and the greatest growth was in corporate giving, up 60 percent. The slower rate of growth in bequests and foundation giving may be due to slower growth in investment earnings during much of the decade.

Figure 2.0

Private Contributions by Donor Source to All Sectors of the Economy



*Includes a bequest of $1.3 billion from J. Paul Getty to the Getty Museum.

Source: Table 2.1

Table 2.1

PRIVATE DONOR CONTRIBUTIONS BY SOURCE TO ALL SECTORS OF THE ECONOMY: 1982-1955
(In billions of dollars)

Year	CONTRIBUTIONS[1] Total	Individuals	Bequests	Foundations	Corporations	CONTRIBUTIONS (percent distribution) Total	Individuals	Bequests	Foundations	Corporations	Individuals' Per Capita Contributions[2] Current dollars	Constant (1972) dollars
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1982*	$59.1[P]	$48.7	$4.2*	$3.0	$3.1	100.0	82.4	7.1*	5.4	5.2	$210	$94
1982	60.4[P]	48.7	5.5	3.2	3.1	100.0	80.6	9.1	5.3	5.1	210	94
1981	54.1	44.6	3.5	3.1	2.9	100.0	82.4	6.5	5.7	5.4	194	94
1980	48.2	39.9	2.9	2.8	2.6	100.0	82.8	6.0	5.8	5.4	176	94
1979	43.5	36.6	2.2	2.4	2.3	100.0	84.1	5.1	5.5	5.3	162	97
1978	39.6	32.8	2.6	2.2	2.1	100.0	82.8	6.6	5.6	5.3	147	95
1977	36.0	29.2	3.0	2.0	1.8	100.0	81.1	8.3	5.6	5.0	132	92
1976	32.3	26.6	2.4	1.9	1.5	100.0	82.4	7.4	5.9	4.6	122	90
1975	29.3	24.2	2.2	1.7	1.2	100.0	82.6	7.5	5.8	4.1	112	90
1974	27.7	22.3	2.1	2.1	1.2	100.0	80.5	7.6	7.6	4.3	104	89
1973	25.6	20.4	2.0	2.0	1.2	100.0	79.7	7.8	7.8	4.7	96	90
1972	23.3	18.2	2.1	2.0	1.0	100.0	78.1	9.0	8.6	4.3	87	87
1971	22.8	17.0	3.0	2.0	0.9	100.0	74.6	13.2	8.8	3.9	82	87
1970	20.8	15.9	2.1	1.9	0.8	100.0	76.4	10.1	9.1	3.8	77	89
1969	19.6	14.7	2.0	1.8	1.1	100.0	75.0	10.2	9.2	5.6	73	92
1968	17.6	13.4	1.6	1.6	1.0	100.0	76.1	9.1	9.1	5.7	67	91
1967	15.8	12.2	1.4	1.4	0.8	100.0	77.2	8.9	8.9	5.1	61	91
1966	14.7	11.3	1.3	1.3	0.8	100.0	76.9	8.8	8.8	5.4	58	90
1965	13.3	10.4	1.0	1.1	0.8	100.0	78.2	7.5	8.3	6.0	53	88
1964	12.1	9.6	1.0	0.8	0.7	100.0	79.3	8.3	6.6	5.8	50	84
1963	11.4	9.0	0.9	0.8	0.7	100.0	78.9	7.9	7.0	6.1	47	84
1962	10.5	8.5	0.7	0.7	0.6	100.0	81.0	6.7	6.7	5.7	45	84
1961	9.8	8.0	0.7	0.7	0.4	100.0	81.6	7.1	7.1	4.1	43	83
1960	9.4	7.6	0.6	0.7	0.5	100.0	80.9	6.4	7.4	5.3	42	83
1959	9.0	7.3	0.5	0.7	0.5	100.0	81.1	5.6	7.8	5.6	41	85
1958	8.1	6.8	0.5	0.5	0.4	100.0	84.0	6.4	6.2	4.9	39	87
1957	7.9	6.5	0.5	0.5	0.4	100.0	82.3	6.3	6.3	5.1	38	84
1956	7.1	6.1	0.2	0.3	0.4	100.0	85.9	2.8	4.2	5.6	36	85
1955	6.7	5.7	0.2	0.3	0.4	100.0	85.1	3.0	4.5	6.0	35	85

Sources: American Association of Fund-Raising Counsel, Inc. and U.S. Department of Commerce (Bureau of Economic Analysis and Bureau of the Census)

*Excludes a bequest of $1.3 billion dollars from J. Paul Getty to the Getty Museum

P = Preliminary

Notes to Table 2.1 on p. 73

What Are The Characteristics Of Individual Giving?

Trends in the amount and type of giving by individuals in household income intervals are difficult to estimate with any accuracy because surveys are not conducted on a regular basis. The last major survey of such patterns was conducted in 1973 by the Survey Research Institute of the University of Michigan for the Commission on Private Philanthropy and Public Needs. Table 2.2 shows the results of this 1973 survey, along with the percent distribution of all households, as published in the Census Bureau's Current Population Series on Household Income for 1973. The same income intervals are provided also in 1981 dollars for the purpose of comparison.

In 1973, 86 percent of the households had annual incomes below $20,000. This group gave about 54 percent of total dollars, while 13 percent of households with incomes between $20,000 and $50,000 gave approximately 25 percent of total dollars, and less than one percent of the households with incomes over $50,000 gave approximately 21 percent of total dollars.

Table 2.2 also provides the 1973 household income class intervals in 1981 dollars. That same group of households that made between $15,000 and $20,000 in 1973 would have to earn somewhere between $30,000 and $41,000 in 1981 to have incomes equivalent to those in 1973.

Table 2.2

INDIVIDUAL DONOR CONTRIBUTIONS BY HOUSEHOLD INCOME: 1973

	Income Class Intervals—1973	Percent distribution of giving[1]	Percent distribution of households[2]	Income Class Intervals (1973 dollars adjusted to equivalent 1981 dollars) factor 2.0477[3]	
	Number (in thousands)	—	69,859	Number (in thousands)	
	Dollars (in millions)	$25,692	—	Dollars (in millions)	
	Percent	100.0%	100.0%	Percent	
1	Under $5,000	18.0	23.0	Under $10,239	1
2	$5,000 - $9,999		24.5	$10,240 - $20,475	2
3	$10,000 - $14,999	20.2	22.6	$20,476 - $30,713	3
4	$15,000 - $19,999	18.0	15.9	$30,714 - $40,952	4
5	$20,000 - $49,999	25.3	13.1	$40,953 - $102,383	5
6	$50,000 and over	20.5	0.9	$102,384 and over	6

Sources: James Morgan, *et al.*, "Results From Two National Surveys on Philanthropic Activity," *Research Papers*, Volume I, (Commission on Private Philanthropy and Public Needs, 1975), and U.S. Department of Commerce (Bureau of the Census).

Dash = Not applicable

Notes to Table 2.2 on p. 73

In 1978 and 1981, the Gallup Organization surveyed Americans as to how much they gave for charitable donations. These surveys utilized the Gallup omnibus survey series, and were not of the scope of the 1973 survey of individual giving.[1]

Table 2.3 shows the distribution for 1981 of private donor contributions by household income intervals developed at INDEPENDENT SECTOR from the Gallup 1981 survey and Census income data, and compared with the 1981 distribution of households

Table 2.3

INDIVIDUAL DONOR CONTRIBUTIONS BY HOUSEHOLD INCOME IN 1981, AND 1973 DISTRIBUTIONS OF HOUSEHOLD INCOME IN CURRENT AND 1981 PRICES

	1981[1]		1973	
Income Class Intervals	Percent distribution of giving	Percent distribution of households	Percent distribution of households 1981 prices[3]	1973 prices[4]
Number (in thousands)	—	83,600[2]	69,859	69,859
Percent	100.0%	100.0%	100.0%	100.0%
Under $5,000	5.1	10.5	8.9	23.0
$ 5,000-$ 9,999	8.8	14.9	13.6	24.5
$10,000-$14,999	8.9	14.4	12.2	22.6
$15,000-$19,999	11.0	12.3	14.7	15.9
$20,000-$49,999	51.3	40.7	42.4	13.1
$50,000 and over	14.9	7.2	8.2	0.9
Unallocated	—	—	—	—

Sources: The Gallup Organization, Inc., and the U.S. Department of Commerce (Bureau of the Census).

Dash = Not applicable

Notes to Table 2.3 on p. 73.

by income intervals from the Bureau of the Census. Because of inflation between 1973 and 1981, it is difficult to compare effectively the giving estimates from the 1973 and 1981 surveys. The 1973 estimated percentages of households by income class intervals in terms of 1973 and 1981 prices, especially the latter, are intended to show the distribution of households by income class intervals for 1981 and 1973. This data serves as background information in any attempt to assess change in giving between these two years.

Table 2.3 shows, however, that 90 percent or more households earn under $50,000, even when 1973 income distributions are translated into 1981 dollars. These trends suggest that, in 1981, approximately one-third of giving came from households with incomes below $20,000, representing about 50 percent of total households. About half came from middle and upper-middle income households with incomes between $20,000 and $50,000, representing approximately 40 percent of American households, and between 15 and 20 percent of giving came from households with incomes above $50,000, representing less than 10 percent of American households.

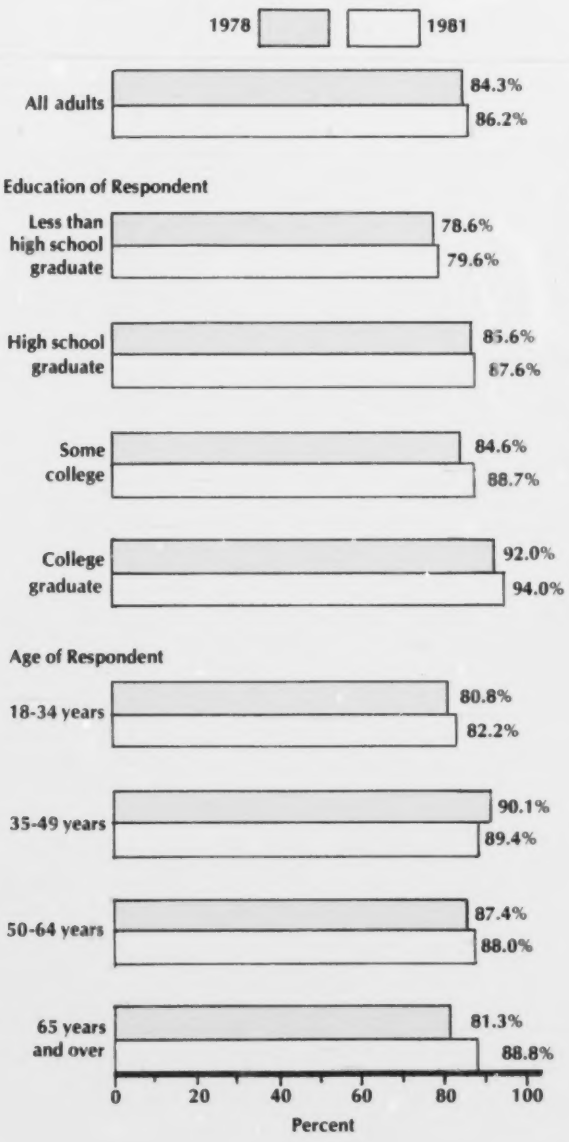
Recent surveys on the public's recollection of their charitable donations were conducted as part of the Gallup omnibus household surveys in 1979 and 1982.

[1]No percentage estimates of household giving by income intervals were prepared at INDEPENDENT SECTOR for 1978 because there were too few respondents in the survey with household incomes over $50,000, a group which contributes significant sums to charity.

Table 2.4 reveals that approximately 86 percent of all American adults aged 18 and over, or approximately 141 million individuals, contributed money to a variety of organizations in 1981.

Figure 2.1

Percent Givers By Characteristics: 1978 and 1981



Source: Table 2.4

Giving by Americans is pervasive, whether the individual is skilled or unskilled, highly educated or less educated, young or old, employed or unemployed. Although the amount and type of giving tends to increase with income and education, an overwhelming majority of Americans give.

Table 2.4

PERCENT GIVERS BY PERSONAL CHARACTERISTICS: 1981 AND 1978

	1981	1978[2]		1981[1]	1978[2]
All adults	86.2%	84.3%			
Occupation of chief wage earner in household			Education of respondent		
All	86.4	81.4	College graduate	94.0%	92.0%
Professional and business	91.9	92.2	Some college	88.7	84.6
Clerical and sales	94.2	87.5	High school graduate	87.6	85.6
Skilled laborer	86.0	85.4	Less than high school graduate	79.6	78.6
Unskilled laborer	81.8	77.5			
Farmer	NA	86.7			
Nonlabor force	82.6	79.7			
Employment status of chief wage earner			Age of respondent		
Employed full-time	88.1	86.3	18-34 years	82.2	80.8
Employed part-time	81.2	88.3	35-49 years	89.4	90.1
Not employed	82.9	77.6	50-64 years	88.0	87.4
			65 years and over	88.8	81.3

Source: The Gallup Organization, Inc. *Surveys of the Public's Recollection of Charitable Donations*, July 1979 and June 1982. Summary reports of these surveys were published by INDEPENDENT SECTOR, "Patterns of Giving by Individuals" (1979), and "Patterns of Giving by Individuals II (1983)

NA: Not available

Notes to Table 2.4 on p. 73

Without another detailed national survey of giving, it is impossible to say more about trends in individual giving, the changes in household composition and its impact on giving during this decade, the patterns of giving for households with more than one earner, or the patterns of giving in single head households. We do know that real household income has declined during this period, but there have been significant changes in the composition of households and in the family unit itself.

What Are The Characteristics Of Volunteers?

People helping neighbors has been part of the American way of life since the first colonists settled in America. Throughout American history, people have helped the sick, tended orphans, worked for churches, risen to community emergencies, assisted in schools, sat on boards of trustees, led youth groups, and administered voluntary organizations. Whether in informal activities or through formal organizations, persons donating time for no pay are termed 'volunteers.'

Surveys of volunteering are not conducted on a regular basis by private organizations or public agencies.

Those surveys that have been made are plagued by difficulties of definition. Such surveys may incorporate informal volunteering, which might include helping an elderly neighbor or baking cookies for a school fund-raiser, while many surveys count only those activities where people donate work as part of a formal organization. In the latter case, volunteering would be understated.

Table 2.5 gives selected characteristics of volunteers from two surveys, one conducted for ACTION in 1974, and another conducted for INDEPENDENT SECTOR by the Gallup Organization in 1981. When the characteristics of volunteers are compared to the general population in 1974 and 1981, it shows that, although volunteering occurs throughout the population, there is a tendency for certain population groups to volunteer more readily than others. More women in 1981 (56 percent) volunteered than men in proportion to their total population. In 1974, more whites (93 percent) volunteered in proportion to their total population. However, minority volunteers have increased from 1974 to 1981, both as a percentage of total volunteers and in relation to their proportion of the total population.

In 1974, minorities accounted for 6.6 percent of total volunteers and 11.8 percent of total population. By 1981, they accounted for 10 percent of total volunteers and 13 percent of the total population.

Persons with more education or at least some college tended to volunteer more in proportion to the total population. Forty-eight percent of volunteers had at least some college in 1981, compared to 36 percent in the total population. People from households with higher incomes also tended to volunteer more. In 1981, 53 percent of all volunteers came from households with incomes above $20,000, compared to 44 percent of the population with this income.

In 1981, more than half (52 percent), or over 80 million American adults and an equal proportion of teenagers (53 percent), volunteered time either in a traditional volunteer activity for an organization, church, or school, or in an informal activity, such as a neighborhood activity. Table 2.6 summarizes some of the characteristics of volunteers from the 1981 Gallup survey.

Table 2.5

SELECTED CHARACTERISTICS OF VOLUNTEERS: 1981 AND 1974
(Estimates for 1981 were collected in March 1981 for previous 12 months; for 1974, 12 months prior to April 1974)

	1981[1]		1974[2]		
	Adults		Twelve month period		Week of April 7-13, 1974
Characteristics	General public[3]	Volunteers	Civilian noninstitutional population[4]	Volunteers	Volunteers
	(1)	(2)	(3)	(4)	(5)
ALL	100.0%	100.0%	100.0%	100.0%	100.0%
Male	48.0	44.0	47.4	41.0	44.3
Female	52.0	56.0	52.6	59.0	55.7
Color	100.0%	100.0%	100.0%	100.0%	100.0%
White	87.0	90.0	88.2	93.4	94.1
Black and other races	13.0	10.0	11.8	6.6	5.9
Education	100.0%	100.0%	100.0%	100.0%	100.0%
Less than 4 years high school	30.0	17.0	42.5	26.3	24.7
4 years high school	34.0	35.0	33.0	35.2	35.3
College, less than 4 years	22.0	27.0	13.2	17.8	18.0
College, 4 years or more	14.0	21.0	11.3	20.7	22.0
Income	100.0%	100.0%	100.0%	100.0%	100.0%
1980 1973					
Under $4,000	—	—	14.2	7.2	6.4
Under $5,000	9.0	7.0	—	—	—
$4,000 - $7,499	—	—	18.7	12.6	10.9
$5,000 - $9,999	15.0	10.0	—	—	—
$7,500 - $9,999	—	—	12.1	11.1	10.4
$10,000 - $14,999	18.0	16.0	—	—	—
$10,000 - $14,999	—	—	26.8	29.8	30.6
$15,000 - $19,999	14.0	14.0	—	—	—
$15,000 - $19,999	—	—	13.9	17.5	18.8
$20,000 and over	44.0	53.0	—	—	—
$20,000 and over	—	—	14.3	21.8	22.9

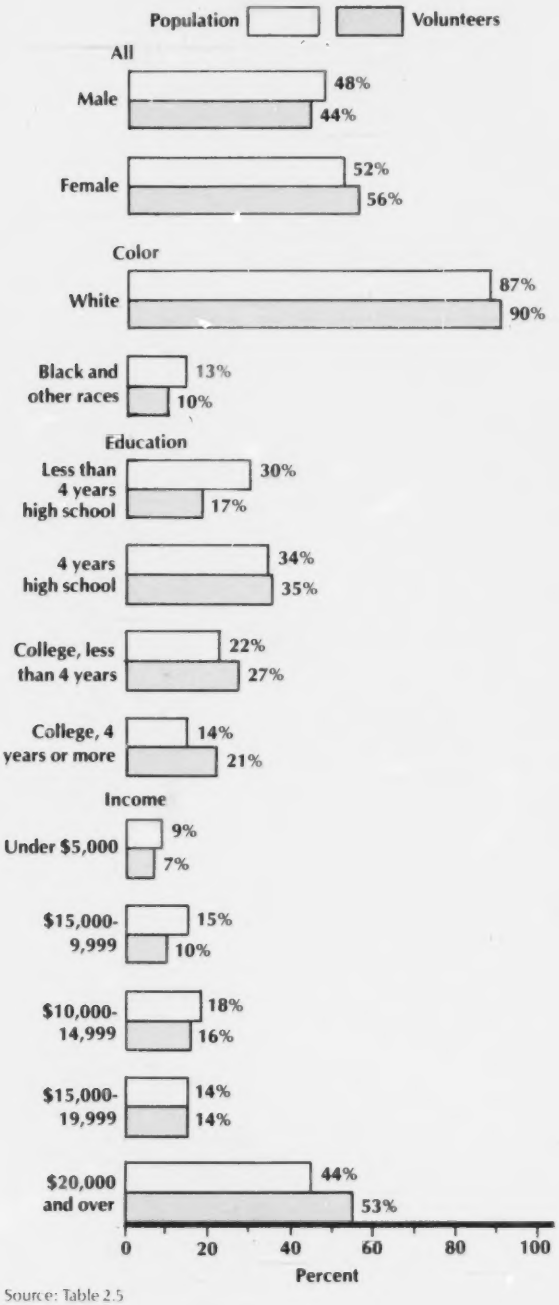
Sources: The Gallup Organization, Inc., and ACTION.

Dash — Not applicable

Notes to Table 2.5 on p. 73.

Figure 2.2

Adult Population Characteristics and Those of Volunteers: 1981



Source: Table 2.5

Volunteers come from all elements of society. Proportionately, slightly more females than males volunteer. Upper socioeconomic groups are more likely to volunteer. In 1981, 63 percent of adults with annual household incomes of $20,000 and over, and 65 percent of adults with some college education reported volunteering sometime during the previous year. Even though a significant percentage of women were employed during the 1970's, 56 percent of volunteers were women. Of the more than half of all American adults who volunteered, it is estimated that approximately 31 percent volunteered on a regular basis for an organization. This 31 percent donated an average of two hours or more a week on voluntary activity, while the other 21 percent of adults spent less than one hour a week on volunteer work.[2]

Table 2.6

PROPORTION OF POPULATION VOLUNTEERING BY SELECTED CHARACTERISTICS: 1981
(Estimates for 1981 were collected in March 1981 for the previous 12 months)

Characteristics	Percent	Characteristics	Percent
All	52%	**Education**	
Male	47	Grade school	26%
Female	56	Some high school	31
		4 years high school	54
		College, less than 4 years	65
		College, 4 years or more	75
Age		**Income**	
14 to 17 years	53	Under $4,000	40
18 to 24 years	54	$ 4,000- 6,999	36
25 to 44 years	59	$ 7,000- 9,999	35
45 to 54 years	55	$10,000-14,999	46
55 to 64 years	45	$15,000-19,999	53
65 years and over	37	$20,000 and over	63
Color			
White	54		
Black and other races	41		

Source: The Gallup Organization, Inc.; *Americans Volunteer, 1981*, (Washington, D.C.: INDEPENDENT SECTOR), pp. 12-13.

Volunteers also are more likely to make charitable contributions. In the 1981 Gallup survey, 91 percent of volunteers reported making a monetary contribution either to the organization for which they did volunteer work or another organization, compared to 66 percent for adults who made contributions, but who were non-volunteers.

Thirty-seven percent of volunteers reported working in religious activities, 23 percent in health, 23 percent in education, and 44 percent in informal activities without organizational support, as reported in the 1981 Gallup Survey. The main reasons people volunteered were that: someone asked them (44 percent); a friend or relative was involved in a volunteer

[2] *Americans Volunteer, 1981* (Washington, D.C.: INDEPENDENT SECTOR).

activity (29 percent); or they were involved already in a particular organization (31 percent). People who continue to volunteer reported that the major reason they do so is that they want to be useful and to help others (67 percent).

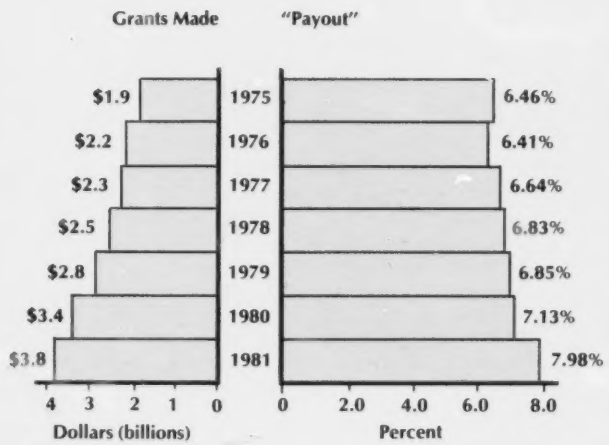
A more recent Gallup survey on volunteering was recently commissioned by VOLUNTEER. Initial findings from this survey indicate that volunteer work among adults increased in 1983 to 55 percent of all American adults, compared to 52 percent in 1981. The percentage of women volunteering remained constant at 56 percent of the total female population, while volunteering among men increased from 47 percent in 1981 to 53 percent in 1983.[3]

What Are The Characteristics Of Foundation Giving?

The Foundation Center estimated there were 21,967 foundations in 1981.[4] This represents a loss of 568 foundations from 1979, as shown in Table 2.7. Much of the decline in growth of private foundations has been attributed to increased regulation and taxation of private foundations, especially following the Tax Reform Act of 1969.[5]

Figure 2.3

Foundation Grants Made, and as Percent of Assets ("Payout")



Source: Table 2.7

Total assets for foundations grew 58 percent from 1975 to 1981, but assets did not keep pace with the increase in prices over this period. From 1978 to 1981, gifts to foundations grew by 48 percent. Average grants made by foundations increased by 95 percent from 1975. Grants as a percent of total assets increased from approximately 6.5 percent in 1975 to 8.0 percent in 1981, indicating that on an average total foundation giving increased at a faster rate than growth in assets.

Table 2.8 shows foundations by size of assets in 1980. Only five percent of foundations have assets above $5 million. Generally, smaller foundations have fewer assets and rely on annual donations. Smaller foundations also pay out a higher percent of their grants as a percent of assets than do larger foundations. This can be seen clearly in the final column where gifts are reported as a percent of assets. In smaller foundations, grants represent approximately 80 percent of gifts received. These foundations rely primarily on current contributions, whereas larger foundations rely primarily on income from endowment.

There are four types of foundations: independent, operating, corporate, and community. Independent and operating foundations tend to rely on endowment income usually provided by a single source. Corporate foundations rely on contributions and/or endowment from the company. These three types of foundations are defined as private foundations. Community foundations, defined as public charities, rely on contributions from many donors. Table 2.9 shows the fifteen largest foundations by type in 1980 as reported by The Foundation Center.

Independent, operating, and corporate foundations qualify for maximum tax deductible gifts, but have been subject to restrictive regulations since the Tax Reform Act of 1969. One such regulation subjected foundations to a four percent excise tax on net investment income, which was reduced to two percent by the Congress in 1978. Another restriction imposed an annual giving ("pay-out") requirement on foundations of five percent of adjusted net income, or a variable percentage of the market value of investment

[3]The complete results of this Gallup survey were not available when this publication went to press. A more complete analysis of the findings of the 1983 Gallup survey commissioned by VOLUNTEER will be presented in the next edition of this statistical profile.

[4]This estimate is based on the 990PF Form filed by foundations and contained in the IRS tax files for tax-exempt organizations.

[5]See David F. Freeman, *The Handbook on Private Foundations* (Washington, D.C.: The Council on Foundations, 1981) for a complete discussion of regulations and tax laws affecting foundations.

income, whichever was higher. This was revised in the Tax Reform Act of 1976 to require an annual pay-out of five percent of market value of assets or net income, whichever was higher. The 1981 Economic Recovery Tax Act revised it again to require a pay-out of five percent of the market value of assets.

foundations were responsible for 87 percent of the $47.5 billion in total foundation assets and 74 percent of the $3.5 billion in total grants recorded for that year,* as shown in Table 2.10. Although their combined assets in current dollars had grown $16 billion, from $25.5 billion in 1975 to $41.5 billion in 1981, the

Table 2.7

FOUNDATIONS: GRANTS, GIFTS, AND ASSETS: 1981-1975[1]

(Dollars in millions)

	Foundations		Grants made		Gifts received		Gifts as percent of grants	Assets (market value)		Grants as percent of assets
Year	Number	1975 = 100	Dollars	1975 = 100	Dollars	1978 = 100	column (5) divided by column (3) x 100	Dollars	1975 = 100	column (3) divided by column (8) x 100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1981	21,967	100.4	$3,795	195.1	$2,392	148.2	63.0%	$47,567	157.9	7.98%
1980	22,088	101.0	3,434	176.6	1,984	122.9	57.8	48,174	159.9	7.13
1979	22,535	103.0	2,848	146.4	2,214	137.2	77.7	41,594	138.1	6.85
1978	22,484	102.8	2,547	131.0	1,614	100.0	63.4	37,265	123.7	6.83
1977	22,152	101.3	2,347	120.7	NA	NA	NA	35,369	118.3	6.64
1976	21,447	98.0	2,229	114.6	NA	NA	NA	34,785	115.5	6.41
1975	21,877	100.0	1,945	100.0	NA	NA	NA	30,129	100.0	6.46

Sources: The Foundation Center and U.S. Department of the Treasury (Internal Revenue Service).

NA = Not available

Notes to Table 2.7 on pp. 73-74.

It is estimated that independent foundations fared worse in comparison to all other foundations due to these strict regulatory requirements and due to an inflationary period during the 1970's. The Foundation Center reports that the number of independent foundations that qualified for the Ninth Edition of *The Foundation Directory*, increased from 2,284 in 1975 to 3,208 in 1981. These 3,208 independent

value of these assets in 1967 constant dollars had declined by $609 million, from $15.85 billion in 1975 to $15.24 billion in 1981. It is expected that the most recent changes in the 1981 Economic Recovery Tax Act regarding pay-out requirements will help foundations rebuild some of the asset base lost through the payout requirements in force through the 1981 fiscal year.

Table 2.8

FOUNDATIONS: GRANTS, GIFTS, AND ASSETS BY ASSET CATEGORY: 1980[1]

	Foundations		Grants made		Average of grants made per foundation	Gifts received		Gifts as percent of grants	Assets (market value)		Average of assets per foundation	Grants as percent of assets
Asset category	Number	Percent	Dollars (millions)	Percent	Dollars column (3) divided by column (1)	Dollars (millions)	Percent	column (6) divided by column (3) x 100	Dollars (millions)	Percent	Dollars column (9) divided by column (1)	column (3) divided by column (9) x 100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total	22,088	100.0%	$3,434	100.0%	$155,469	$1,984	100.0%	57.8%	$48,174	100.0%	$2,181,003	7.13%
$100 million and over	70	0.3	1,001	29.2	14,300,000	152	7.7	15.2	21,072	43.7	301,028,571	4.75
$50 million-$99,999,999	71	0.3	284	8.3	4,000,000	159	8.0	56.0	4,892	10.2	68,901,408	5.81
$10 million-$49,999,999	495	2.2	758	22.1	1,531,313	617	31.1	81.4	10,030	20.8	20,262,262	7.56
$5 million-$9,999,999	506	2.3	363	10.6	717,391	268	13.5	73.8	3,545	7.4	7,005,929	10.24
$1 million-$4,999,999	2,488	11.3	490	14.3	196,945	371	18.7	75.7	5,504	11.4	2,212,219	8.90
$500,000-$999,999	1,875	8.5	156	4.5	83,200	110	5.5	70.5	1,331	2.8	709,867	11.72
$250,000-$499,999	2,488	11.3	113	3.3	45,418	90	4.5	80.0	880	1.8	353,698	12.84
$100,000-$249,999	3,684	16.7	113	3.3	30,673	93	4.7	82.3	597	1.2	162,052	18.93
$50,000-$99,999	2,686	12.2	45	1.3	16,754	38	1.9	84.4	194	0.4	72,226	23.20
$25,000-$49,999	2,242	10.2	31	0.9	13,827	25	1.3	80.7	82	0.2	36,574	37.80
$10,000-$24,999	2,178	9.9	30	0.9	13,774	24	1.2	80.0	37	0.1	16,988	81.08
Under $10,000	3,305	15.0	52	1.5	15,734	38	1.9	73.1	11	*	3,328	472.73

Sources: The Foundation Center and U.S. Department of the Treasury (Internal Revenue Service).

*Less than 0.05%.

Notes to Table 2.8 on p. 74.

The number of company-sponsored foundations qualifying for *The Foundation Directory* in 1981 was up 51 percent, from 462 in 1975 to 701 in 1981. Growth in assets for company-sponsored foundations was greater than for independent foundations during this period. In current dollars, assets of company-sponsored foundations increased 104 percent, from $1.2 billion in 1975 to $2.5 billion in 1981. However, in constant 1967 dollars, assets in these foundations grew 17 percent from 1975 to 1981. Company-sponsored foundations accounted for 19 percent ($669 million) of the total giving of foundations qualifying for inclusion in the *Directory* in 1981, as shown in Table 2.10.

Community foundations also increased in the 1970's. Since 1973 the number of community foundations qualifying for inclusion in *The Foundation Directory* has grown from 72 to 98. Total assets in current dollars increased 81 percent from $1.1 billion in 1975 to $2.1 billion in 1981. When adjusted to 1967 constant dollars, however, real growth in assets was seven percent during this period. Community foundations were responsible for five percent ($175 million) in 1981 of total giving for foundations reported in this directory, as shown in Table 2.10.

The 4,063 foundations included in *The Foundation Directory* represent about 19 percent of the total

Table 2.9

15 LARGEST FOUNDATIONS OF EACH TYPE OF FOUNDATION RANKED BY ASSETS: CIRCA 1980[1]

(In thousands of dollars)

INDEPENDENT FOUNDATIONS

Foundation Name	Assets	Total Grants
Ford Foundation	$2,782,942	$95,746
Robert Wood Johnson Foundation	1,027,531	39,778
Andrew W. Mellon Foundation	880,366	57,884
John D. and Catherine T. MacArthur Foundation	862,372	2,264
Pew Memorial Trust	829,977	41,467
Lilly Endowment, Inc.	812,877	20,704
Rockefeller Foundation	805,572	30,215
W.K. Kellogg Foundation	769,110	47,133
Kresge Foundation	655,408	29,768
Charles Stewart Mott Foundation	407,115	28,938
Duke Endowment	363,590	27,284
Carnegie Corporation of New York	346,116	10,823
Richard King Mellon Foundation	283,517	12,909
Houston Endowment Inc.	254,283	13,658
Alfred P. Sloan Foundation	252,058	10,695

COMPANY-SPONSORED FOUNDATIONS

Foundation Name	Assets	Total Grants
Alcoa Foundation	$118,722	$ 5,268
General Motors Foundation	67,769	12,871
Ford Motor Company Fund	50,914	12,103
Prudential Foundation	49,443	3,776
Amoco Foundation, Inc.	49,184	5,212
McDonnell Aerospace Foundation, Inc.	42,661	2,608
Eastman Kodak Charitable Trust	36,896	4,918
Shell Companies Foundation, Inc.	33,973	5,052
Western Electric Fund	28,869	4,133
United States Steel Foundation, Inc.	28,461	6,394
Metropolitan Life Foundation	27,053	2,118
Aetna Life & Casualty Foundation	27,019	3,505
Texas Philanthropic Foundation, Inc.	25,040	—
General Electric Foundation	23,574	4,040
BankAmerica Foundation	22,415	6,760

OPERATING FOUNDATIONS

Foundation Name	Assets	Total Grants
Norton Simon Foundation	$175,369	$ 4
Robert A. Welch Foundation	134,320	7,359
Norton Simon, Inc. Museum of Art	124,485	117
Amherst H. Wilder Foundation	122,036	65
Charles F. Kettering Foundation	74,519	801
Russell Sage Foundation	52,777	617
Carnegie Endowment for International Peace	45,089	—
Twentieth Century Fund, Inc.	30,779	—
Jackson Hole Preserve, Inc.	26,222	275
Carnegie Foundation for the Advancement of Teaching	25,103	325
Windham Foundation, Inc.	21,745	347
Milbank Memorial Fund	21,177	461
Menil Foundation, Inc.	20,952	474
Stanley Foundation	16,712	6
Frank Phillips Foundation, Inc.	14,998	56

COMMUNITY FOUNDATIONS

Foundation Name	Assets	Total Grants
San Francisco Foundation	$348,166	$ 9,737
New York Community Trust	245,649	16,292
Cleveland Foundation	202,390	10,034
Chicago Community Trust	104,878	5,536
Permanent Charity Fund of Boston	71,896	5,483
Hartford Foundation for Public Giving	45,775	3,951
New Haven Foundation	39,415	2,734
Dallas Community Chest Trust Fund, Inc.	38,208	3,165
Columbus Foundation	35,922	2,663
Pittsburgh Foundation	33,912	2,287
Kalamazoo Foundation	32,443	2,252
Philadelphia Foundation	30,279	2,131
Rhode Island Foundation	25,060	1,381
Winston-Salem Foundation	24,939	1,255
California Community Foundation	23,365	1,324

Source: The Foundation Center, *Foundations Today, 1982*, p. 7.

Dash = Either not reported or not applicable

[6] The 4,063 foundations qualifying for *The Foundation Directory*, 9th Edition (New York: The Foundation Center, 1983) had to have assets of $1 million or more or give $100,000 or more in 1981.

[7] *The Foundation Directory*, 9th Edition (New York: The Foundation Center, 1983), p. xvii.

21,967 private foundations, but they account for approximately 93 percent of total assets for all private foundations and award about 85 percent of all grants.[7] Table 2.11 shows the decade when these 4,063 foundations were founded, their number, and their asset category. The decades of the 1940s, 1950s and 1960s saw the establishment of more than 50 percent of the foundations listed in the 9th Edition of *The Foundation Directory*. Among those foundations with assets of $100 million or more, 31 percent were established between 1940 and 1949, the high-water mark for this group. Another 22 percent came into being during the 1950s. Since then, only 6 foundations with assets of $100 million or more, representing nine percent of the total, were established, with none being reported for the 1980 to 1983 period. Of the 29 foundations founded between 1980 and 1983, nineteen had assets between one and five million dollars. These figures clearly point to a decline in the birthrate of large foundations since 1970.

Table 2.10

FOUNDATIONS IN *THE FOUNDATION DIRECTORY*:* GRANTS, GIFTS, AND ASSETS BY TYPE OF FOUNDATION

(Dollars in thousands)

Directory edition and type of foundation	Number	Grants made	Gifts received	Assets	Grants as percent of assets: column (2) divided by column (4) x 100
9th Edition—circa 1981	(1)	(2)	(3)	(4)	(5)
Total[1]	4,063	$3,479,900	$1,741,920	$47,541,276	7.3%
Independent foundations	3,208	2,583,247	1,057,202	41,529,141	6.2
Company-sponsored foundations	701	669,361	469,114	2,491,363	26.9
Community foundations	98	175,106	173,222	2,084,344	8.6
Operating foundations	56	52,186	42,381	1,436,430	3.6

Source: The Foundation Center.

*Size requirements for inclusion of foundations in *The Foundation Directory* are: assets of $1 million or more or gave $100,000 or more in the year of record.

Notes to Table 2.10 on p. 74.

Table 2.11

FOUNDATIONS IN *THE FOUNDATION DIRECTORY*, 9TH EDITION, BY DECADE ESTABLISHED AND BY ASSET CATEGORY[1]

Decade established	Total Foundations		Asset Categories: $100 million or more		$25 million—under $100 million		$10 million—under $25 million		$5 million—under $10 million		$1 million—under $5 million		Under $1 million	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
TOTAL	4,063	100.0	67	100.0	221	100.0	373	100.0	503	100.0	2,267	100.0	632	100.0
1980-1983	29	0.7	0	—	1	0.2	2	0.5	2	0.4	19	0.8	5	0.8
1970-1979	334	8.2	3	4.5	19	8.6	36	9.6	44	8.7	169	7.5	63	10.0
1960-1969	837	20.6	3	4.5	31	14.0	60	16.1	100	19.9	495	21.8	148	23.4
1950-1959	1,423	35.0	15	22.4	58	26.2	123	33.0	173	34.4	819	36.1	235	37.2
1940-1949	651	16.0	21	31.3	51	23.1	89	23.9	100	19.9	331	14.6	59	9.3
1930-1939	173	4.3	12	17.9	27	12.2	29	7.8	28	5.5	72	3.2	5	0.8
1920-1929	134	3.3	5	7.5	15	6.7	16	4.3	26	5.2	69	3.1	3	0.5
1910-1919	60	1.5	7	10.4	10	4.5	12	3.2	6	1.2	24	1.1	1	0.1
1900-1909	19	0.5	0	—	6	2.7	1	0.3	2	0.4	10	0.4	0	—
Before 1900	26	0.6	0	—	0	—	0	—	3	0.6	23	1.0	0	—
Not available	337	9.3	1	1.5	3	1.4	5	1.3	19	3.8	236	10.4	113	17.9

Source: The Foundation Center.

Notes to Table 2.11 on p. 74.

What Are The Characteristics Of Corporate Giving?

In Table 2.1, corporate contributions were shown to have grown fastest as a source of support for the independent sector. Some corporations have established separate foundations to which they contribute con-

siderable funds. Although there is no reliable estimate of the total number of company-sponsored foundations, The Foundation Center reports on those that hold assets of $1 million or more or give $100,000 or more during a given year. As shown in Table 2.10, there were 701 such foundations in 1981 with assets of $2.5 billion, gifts received of $0.5 billion, and grants made of $0.7 billion.[8] Comparable data for 1977 showed 545 company-sponsored foundations with assets of $1.6 billion, gifts received of $0.4 billion, and grants made of $0.3 billion. These are included under foundations in this profile. Gifts received by company-sponsored foundations are included as company contributions, as are company donations made directly to recipients. In order to avoid counting twice the sum of gifts made to company-sponsored foundations as company contributions and grants awarded by company-sponsored foundations, almost all sections of this report reduce total foundation grants by the amount of gifts from company-sponsored foundations. The only exception occurs under the previous heading, "What Are The Characteristics Of Foundation Giving," where company-sponsored foundation grants are included in total grants awarded. For example, in Table 2.10, total grants made in 1980 are shown as $3.4 billion, as reported by The Foundation Center, but in Table 2.1, total grants are shown as $2.8 billion, the difference being the estimate of gifts made by corporations to company-sponsored foundations.

Table 2.12 provides some characteristics of the 2.2 million corporations filing tax returns for 1977.

Table 2.12

CORPORATE CONTRIBUTIONS FOR CHARITABLE PURPOSES BY ASSET CATEGORY AND AS A PERCENT OF TOTAL RECEIPTS LESS TOTAL DEDUCTIONS: 1977[A]

Asset Category	Corporations (in thousands and percent)	Assets (in billions of dollars and percent)	Contributions (in millions of dollars and percent)	Contributions as percent of pretax net income*
	(1)	(2)	(3)	(4)
TOTAL				
Numbers	2,242	$5,326	$1,791	—
Percents	100.0%	100.0%	100.0%	0.82%
$100 million and over	0.2	73.9	61.9	0.70
$50 million–$99,999,999	0.2	5.1	4.2	0.95
$10 million–$49,999,999	0.9	8.6	10.0	1.07
$5 million–$9,999,999	0.8	2.3	4.4	1.16
$1 million–$4,999,999	5.6	4.7	10.5	1.19
$500,000–$999,999	6.4	1.9	3.3	0.96
$250,000–$499,999	10.4	1.5	3.9	0.74
$100,000–$249,999	18.7	1.3	3.9	0.74
Under $100,000	56.9	0.8	1.8	1.74

Sources: Council for Financial Aid to Education and U.S. Department of the Treasury (Internal Revenue Service and Office of Tax Analysis)

*IRS definition of net income of corporations used here as the difference between gross taxable receipts and business deductions allowed by the tax code.

Dash = Not applicable

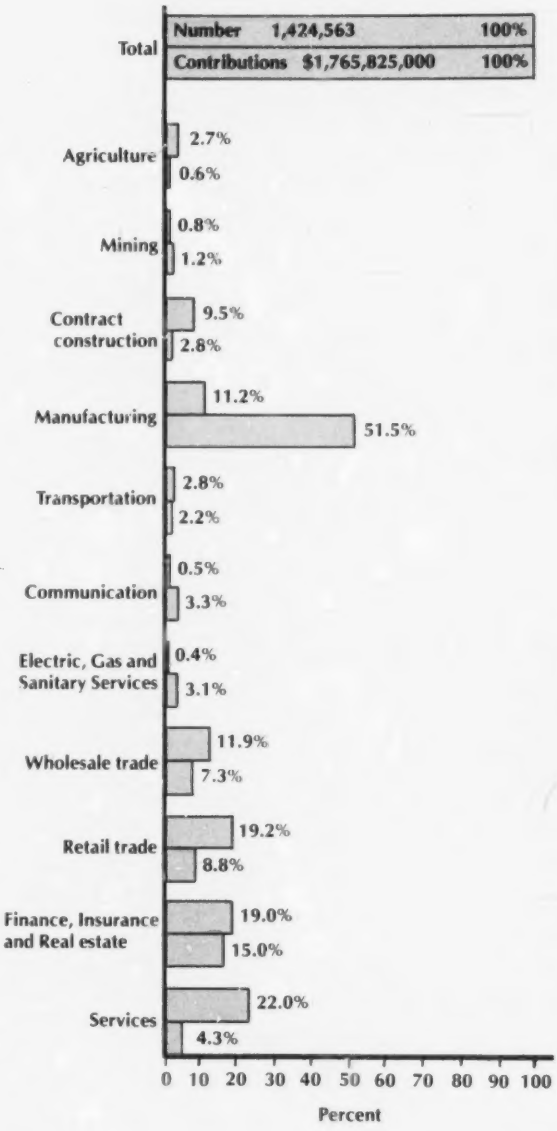
Notes to Table 2.12 on p. 74

Approximately eight percent of these corporations had assets over a million dollars. In fact, 0.2 percent of these corporations had 74 percent of total assets.

Figure 2.4

Number and Contributions of Corporations with Net Income by Industry: 1977

Number: 1,424,563, contributions $1,765,825,000



Source: Table 2.13

[8] *The Foundation Directory*, 9th Edition (New York: The Foundation Center, 1983), p. xx.

Corporations vary in their amount of and commitment to giving. One way of observing corporate contributions is to look at the corporate contributions as a percent of total pretax net income. The pattern of giving by size of corporation as reflected by assets is variable. The largest corporations, comprising 0.2 percent, gave almost 62 percent of total corporate contributions in 1977. This amount represented 0.7 percent of their pretax net income. On the whole, contributions from corporations with lower assets represented a higher proportion of their total net income, excepting that group of corporations with assets between $100,000 and $500,000. Interestingly, contributions from the 57 percent of these 2.2 million corporations with assets under $100,000 represented 1.74 percent of their net income, while contributions from these corporations accounted for less than two percent of total corporate contributions.

For corporations reporting contributions on their 1977 income tax returns, the average contribution was $3,400. Among all corporations with net income, 58.7 thousand gave five percent or more of their net income for contributions. As indicated in *A Profile of Corporate Contributions,*[9] such corporations had 3.1 percent of net income, made up 4.1 percent of corporations with net income, and gave 24.7 percent of the $1.76 billion of contributions given by corporations with net income in 1977.

Table 2.13

CORPORATE CONTRIBUTIONS FOR CHARITABLE PURPOSES: CORPORATIONS WITH NET INCOME BY INDUSTRY: 1977[1]

Industry	Corporations With Net Income		Contributions	
	Number	Percent	Dollars (thousands)	Percent
TOTAL	1,424,563	100.0%	$1,765,825[2]	100.0%
Agriculture	38,440	2.7	11,138	0.6
Mining	10,964	0.8	21,133	1.2
Contract Construction	135,954	9.5	48,600	2.8
Manufacturing	159,004	11.2	911,920	51.5
Transportation	39,477	2.8	39,691	2.2
Communication	6,858	0.5	57,740	3.3
Electric, Gas & Sanitary Services	5,731	0.4	55,057	3.1
Wholesale Trade	169,707	11.9	128,334	7.3
Retail Trade	273,845	19.2	155,928	8.8
Finance, Insurance & Real Estate	270,556	19.0	264,069	15.0
Services	314,027	22.0	75,213	4.3

Sources: Council for Financial Aid to Education and U.S. Department of the Treasury (Internal Revenue Service and Office of Tax Analysis)

Notes to Table 2.13 on p. 74

Corporate giving varies by industry. The Internal Revenue Service corporate tax files show that manufacturing companies, representing 11 percent of corporations reporting net income in 1977, gave more than half of the total reported contributions of $1.8 billion in that year, as shown in Table 2.13. Finance, insurance, and real estate companies, representing 19 percent of corporations reporting net income in 1977, gave 15 percent of total contributions. Retail trade companies, representing slightly more than 19 percent of corporations reporting net income, gave almost nine percent of total contributions; and wholesale trade companies, representing nearly 12 percent of corporations reporting net income, reported more than seven percent of total contributions for that year.

Although only about one-quarter of all corporations reported contributions on their tax returns, many more businesses make contributions which go unidentified since they are often included in their tax returns as business expenses rather than contributions. Corporations also offer assistance to organizations in the form of donations of employee time, use of equipment, printing, low-interest loans, etc. In 1983, the Conference Board conducted its first survey of these "corporate assistance expenditures." Many corporations do not track such expenditures, but the Conference Board survey asked for estimates of assistance expenditures in six areas, as shown in Table 2.14.

Table 2.14

A FIRST-TIME SUMMARY FOR THOSE COMPANIES REPORTING CORPORATE ASSISTANCE EXPENDITURES* NOT TAKEN AS CHARITABLE CONTRIBUTIONS: 1982

Expenditure elements	Companies reporting	Dollars	Median dollars amount**
	(Number)	(thousands)	
Total	286	$258,411	$92,500
Cash disbursements to 501(C)(3) organizations not reported as charitable contributions	173	74,805	42,250
Loan company personnel	80	22,887	25,000
Donations of product and property not reported as charitable contributions	100	86,019	25,000
Use of corporate facilities or services	64	3,985	13,000
Loans at below market yields	29	31,903	50,000
Administrative cost for contributions function	181	38,812	75,000

Source: The Conference Board and Council for Financial Aid to Education, *Annual Survey of Corporate Contributions, 1982*, Advance Report, Table G (Forthcoming 1984 Edition).

*Corporate assistance expenditures go to charitable and other groups in order to promote social well being. These expenditures are not taken by companies as a charitable deduction. The data was collected for the first time in 1982.

**The amount of dollars associated with the company representing the 50th percentile.

The results of this survey are tentative. However, of the 286 corporations responding, it is estimated that more than $258 million was donated. Hopefully, surveys such as this will continue in order that better estimates of total corporate giving can be made in the future.

[9]Hayden Smith, *A Profile Of Corporate Contributions* (New York: CFAE, 1983), p. 15.

What Are The Total Sources Of Support For The Independent Sector?

Contributions from individuals, foundations, and corporations have always been important to the independent sector. Although these contributions have increased over the past twenty-five years, they have declined as a percent of total current operating expenditures. As shown in Table 2.0, contributions in 1955 accounted for 62 percent of total expenditures of the sector; by 1970, they accounted for 41 percent of total expenditures; and by 1980, for approximately 34 percent.

Table 2.15 summarizes the total sources of support for the independent sector for 1974, 1977, and 1980 by source of funds. Total sources of support for the independent sector more than doubled in current dollars from 1974 to 1980. Major growth came from the government sector. Funding increased more than two-and-a-half times during this period, from $15.5 billion in 1974 to $40.3 billion in 1980, raising government's support of the independent sector from 20 to 25 percent. Most of the increase in government funding went to health services.

Table 2.15

TOTAL SOURCES OF SUPPORT: INDEPENDENT SECTOR: 1980, 1977, AND 1974
(In billions of dollars)

	1980		1977		1974	
Source of funds	Amount	Percent	Amount	Percent	Amount	Percent
Total	$159.9	100.0	$110.4	100.0	$76.3	100.0
Private sector	119.6	74.8	84.5	76.5	60.8	79.7
Contributions	44.7	28.0	33.5	30.3	25.3	33.2
Dues, fees, charges	61.7	38.5	42.1	38.1	29.2	38.3
Other receipts	13.2	8.3	8.9	8.1	6.3	8.3
Endowments	8.1	5.1	5.4	4.9	3.9	5.1
Other	5.1	3.2	3.5	3.2	2.4	3.2
Government sector	40.3	25.2	25.9	23.5	15.5	20.3

Sources: American Association of Fund-Raising Counsel, Inc.; American Hospital Association; Commission on Private Philanthropy and Public Needs; Council for Financial Aid to Education; The Foundation Center; National Association of Independent Schools; U.S. National Center for Education Statistics; Lester Salamon, The Nonprofit Sector Project, Urban Institute; and authors' estimates.

Notes to Table 2.15 on p. 74.

Private contributions, up approximately 57 percent between 1974 and 1980, grew less than other sources of support during this period. They declined as a proportion of total support from 33 percent in 1974 to 28 percent in 1980. The figure of $44.7 billion in 1980 for total private contributions from all sources to the independent sector shown in Table 2.15 differs from the $48.2 shown for total contributions for 1980 in Table 2.1. This is because estimates of the share of total contributions given to support organizations outside the independent sector have been factored out. These outside organizations include public colleges and universities and government ($1.0 billion), and foundation support of public activities ($0.2 billion). In addition, contributions made to foundations have been netted out from grants made by foundations, a sum estimated at $2.6 billion for 1980.

Between 1974 and 1980, the proportion of funds from dues, fees, and charges, as well as other receipts, including endowments, remained fairly steady as a proportion of total sources of support. In current dollars, total funds from these sources more than doubled, although income from fees and charges grew at a slightly faster rate than income from other receipts.

In Table 2.15 the total sources of support for the sector are shown in dollars of support from all sources. However, these numbers do not tell the whole story. When the assigned values for volunteer time are added to the total sources of support, a new picture emerges. In Section One, Table 1.5, it was shown that approximately 83 percent of volunteer time was contributed to the independent sector. This was equivalent to 4.1 million full-time employees in 1980. By adding the value of volunteer time to total support for the independent sector, it can be seen that funds from private sources accounted for 81 percent of total sources of support for the sector in 1980, as shown in Table 2.16. It also increased the total sources of support from $159.9 billion to $212.0 billion in 1980.

Table 2.16

TOTAL SUPPORT (FUNDS AND DOLLAR ASSIGNED VALUES FOR VOLUNTEER SERVICES) BY SOURCE: INDEPENDENT SECTOR: 1980, 1977, AND 1974
(In billions of dollars)

	1980		1977		1974	
Source of Funds	Amount	Percent	Amount	Percent	Amount	Percent
Total	$212.0	100.0	$147.9	100.0	$104.5	100.0
Assigned value—volunteers[1]	52.1	24.6	37.5	25.4	28.2	27.0
Actual dollar estimates	159.9	75.4	110.4	74.6	76.3	73.0
Private sector	119.6	56.4	84.5	57.1	60.8	58.2
Contributions	44.7	21.1	33.5	22.7	25.3	24.2
Dues, fees, charges	61.7	29.1	42.1	28.5	29.2	27.9
Other receipts	13.2	6.2	8.8	6.0	6.3	6.0
Endowments	8.1	3.8	5.4	3.7	3.9	3.7
Other	5.1	2.4	3.5	2.4	2.4	2.3
Government sector	40.3	19.0	25.9	17.5	15.5	14.8

Sources: Same as for Table 2.15, and Murray Weitzman, "Measuring the Number, Hours Spent and Dollar Value of Volunteer Activity of Americans," *Working Papers*, INDEPENDENT SECTOR; and authors' estimates.

Notes to Table 2.16 on p. 74.

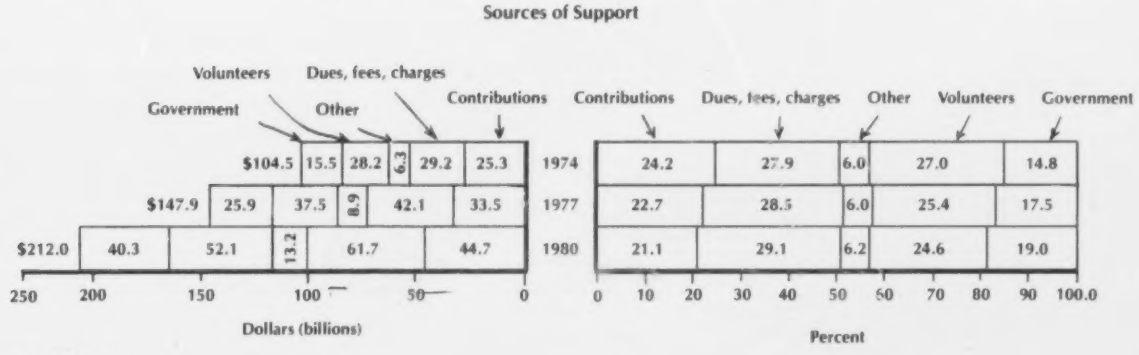
Although volunteer time as a percent of total support declined from 27 to 25 percent of total funds from 1974 to 1980, it is nonetheless impressive that such donated time accounted for one-quarter of the total sources of support. This exceeded both government funding (19 percent), private contributions from all sources (21 percent), and private contributions from all sources (21 percent). However, it is still important to point out that the major growth in funding still came from government, up from 15 to 19 percent of total sources of support from 1974 to 1980.

How Does The Independent Sector Use These Resources?

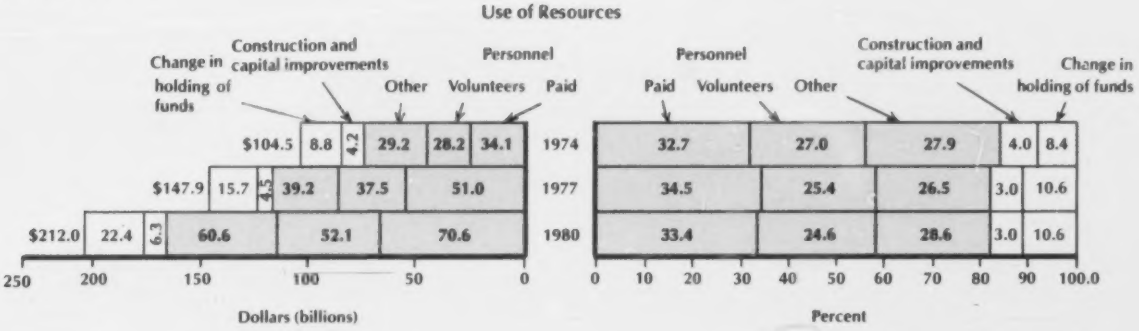
The total use of resources for the independent sector has been estimated by developing a composite of current operating expenditures from individual sub-sectors where such information is available, particularly in the health and education sub-sectors. For other sub-sectors, estimates were derived by using wages and salaries as a base. Table 2.17 is a composite of such estimates that attempts to provide an overview of the total use of resources by the independent sector. This table also incorporates the constraint that

Figure 2.5

Independent Sector: Sources of Support and Use Patterns



Source: Table 2.16



Source: Table 2.18

Current Operating Expenditures

the use of resources equals the total sources of support.

The total use of resources includes paid personnel, other costs of current operations, and money spent for capital expenditures. It also includes other holding of funds, such as a corpus of funds held by foundations that are not all spent in one year, plus differences necessary to equal the total sources of support. Paid personnel account overall for approximately 44 percent of total resources. This percentage varies by sub-sector, but has remained fairly steady as a proportion of total use of resources from 1974 to 1980. Paid personnel include all employees providing services through this sector, such as doctors, teachers, researchers, and faculty at independent colleges and universities, among others. It is estimated that, in 1980, approximately 38 percent, or $60.6 billion, was used for other current operating expenses.

Construction and capital improvements declined as a proportion of current operating expenditures from 5.5 percent in 1974 to about four percent in 1980. Approximately 14 percent, or $22.4 billion, represented the difference between the total sources of support and estimates for current operating expenditures, construction, and capital improvements. The residual account, "other, including change in holding of funds," includes funds for which there is no information about their designated use, and errors of estimation. Conceptually, this account includes estimates of changes in holding of funds, particularly for foundations, but also includes some endowment funds in larger voluntary organizations, such as colleges and universities, research institutions, museums, and hospitals.

In Table 2.18, the total use of resources includes the assigned value for volunteer time. Adding the value of donated time creates another dimension to both the total sources of support and total uses of resources. Personnel, both paid and contributed, amounts to approximately 55 percent of the total use of resources in 1980. This should not be surprising, since most of this sector is engaged in people-to-people services. Adding volunteer time also changes the proportions of other parts of the uses of resources. Capital construction and improvements accounts for three percent of the total use of funds in 1980, down from four percent in 1974. Changes in holding of funds accounts for nearly 11 percent of total use of resources, up from about nine percent in 1974.

Table 2.17

TOTAL USE OF RESOURCES: INDEPENDENT SECTOR: 1980, 1977, AND 1974
(In billions of dollars)

Use of Funds	1980 Amount	1980 Percent	1977 Amount	1977 Percent	1974 Amount	1974 Percent
Total	$159.9	100.0	$110.4	100.0	$76.3	100.0
Current operating expenditures	131.2	82.1	90.2	81.7	63.3	83.0
Paid personnel	70.6	44.2	51.0	46.2	34.1	44.7
Wages and salaries[1]	63.5	39.7	46.1	41.8	31.2	40.9
Fringe benefits[2]	7.1	4.4	4.9	4.4	2.9	3.8
Other	60.6	37.9	39.2	35.5	29.2	38.3
Construction and capital improvements	6.3	3.9	4.5	4.1	4.2	5.5
Other, including change in holding of funds	22.4	14.0	15.7	14.2	8.8	11.5

Sources: American Hospital Association; U.S. Department of Commerce (Bureau of the Census and Bureau of Economic Analysis); U.S. National Center for Education Statistics; Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77, (Program on Non-Profit Organizations, Yale University, 1983); and authors' estimates.

Notes to Table 2.17 on p. 74.

Table 2.18

TOTAL USE OF RESOURCES INCLUDING ASSIGNED VALUE OF VOLUNTEER SERVICES: INDEPENDENT SECTOR: 1980, 1977, AND 1974
(In billions of dollars)

Use of Funds	1980 Amount	1980 Percent	1977 Amount	1977 Percent	1974 Amount	1974 Percent
Total	$212.0	100.0	$147.9	100.0	$104.5	100.0
Current operating expenditures	183.3	86.5	127.7	86.3	91.5	87.6
Personnel	122.7	57.9	88.5	59.8	62.3	59.6
Wages and salaries	115.6	54.5	83.6	56.5	59.4	56.8
Paid personnel[1]	63.5	30.0	46.1	31.2	31.2	29.9
Assigned value—volunteers[3]	52.1	24.6	37.5	25.4	28.2	27.0
Fringe benefits	7.1	3.4	4.9	3.3	2.9	2.8
Paid personnel[2]	7.1	3.4	4.9	3.3	2.9	2.8
Volunteers	—	—	—	—	—	—
Other	60.6	28.6	39.2	26.5	29.2	27.9
Construction and capital improvements	6.3	3.0	4.5	3.0	4.2	4.0
Other, including change in holding of funds	22.4	10.6	15.7	10.6	8.8	8.4

Sources: Same as for Table 2.17, and Murray Weitzman, "Measuring the Number, Hours Spent and Dollar Value of Volunteer Activity of Americans," *Working Papers*, INDEPENDENT SECTOR; and authors' estimates.

Dash = Not applicable

Notes to Table 2.18 on p. 74.

What Are The Employment Trends In The Independent Sector?

Employees in the independent sector traditionally have been paid lower wages and salaries than those in other sectors. Table 2.19 shows trends in both numbers and wages and salaries of employees for all sectors except those in agriculture. This series differs from the more inclusive estimates of all employment shown in Tables 1.4 and 1.5 in Section One, which include all employees – self-employed, unpaid family workers, and volunteers.

From 1972 to 1982, employees in the independent sector grew from 6.2 to 7.3 percent of total employment. During this decade, salaries of paid employees of this sector increased from 66.2 percent of average

Table 2.19

NUMBER AND WAGES AND SALARIES OF EMPLOYEES ON NONAGRICULTURAL PAYROLLS BY EMPLOYMENT UNIVERSE: SELECTED YEARS: 1982-1972

	Employment		Wages and Salaries		Annual Average Wages and Salaries		Alternative Wage and Salary bases	
					Column (3) divided by column (1)			
Employment Universe	Number (000)	Percent	Dollars (Billions)	Percent	Dollars	All = 100.0	a.	b.
1982	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All employees	89,596[1]	100.0	$1,504.9[2]	100.0	$16,797[3]	100.0	—	—
All employees, excluding in not-for-profit entities	82,564	92.2	1,415.5	94.1	17,144	102.1	100.0	—
All employees, excluding independent sector	83,073	92.7	1,423.2	94.6	17,132	102.0	—	100.0
Employees in not-for-profit entities	7,032[4]	7.9	89.4[4]	5.9	12,713	75.7	74.2	—
Employees, independent sector	**6,523[4]**	**7.3**	**81.7[4]**	**5.4**	**12,525**	**74.6**	**—**	**73.1**
1981								
All Employees	91,105	100.0	1,436.3	100.0	15,765	100.0	—	—
All employees, excluding in not-for-profit entities	84,219	92.4	1,356.8	94.5	16,110	102.2	100.0	—
All employees, excluding independent sector	84,730	93.0	1,364.0	95.0	16,098	102.1	—	100.0
Employees in not-for-profit entities	6,886	7.6	79.5	5.5	11,545	73.2	71.7	—
Employees, independent sector	**6,375**	**7.0**	**72.3**	**5.0**	**11,341**	**71.9**	**—**	**70.5**
1980								
All employees	90,406	100.0	1,306.3	100.0	14,449	100.0	—	—
All employees, excluding in not-for-profit entities	83,729	92.6	1,236.2	94.6	14,762	102.2	100.0	—
All employees, excluding independent sector	84,244	93.2	1,242.8	95.1	14,752	102.1	—	100.0
Employees in not-for-profit entities	6,677	7.4	70.1	5.4	10,499	72.7	71.1	—
Employees, independent sector	**6,162**	**6.8**	**63.5**	**4.9**	**10,305**	**71.3**	**—**	**69.9**
1977								
All employees	82,471	100.0	942.9	100.0	11,433	100.0	—	—
All employees, excluding in not-for-profit entities	76,542	92.8	892.0	94.6	11,654	101.9	100.0	—
All employees, excluding independent sector	77,000	93.4	896.7	95.1	11,645	101.9	—	100.0
Employees in not-for-profit entities	5,929	7.2	50.9	5.4	8,585	75.1	73.7	—
Employees, independent sector	**5,471**	**6.6**	**46.1**	**4.9**	**8,426**	**73.7**	**—**	**72.4**
1974								
All employees	78,265	100.0	730.4	100.0	9,333	100.0	—	—
All employees, excluding in not-for-profit entities	72,991	93.3	695.5	95.2	9,529	102.1	100.0	—
All employees, excluding independent sector	73,416	93.8	699.2	95.7	9,524	102.1	—	100.0
Employees in not-for-profit entities	5,274	6.7	34.9	4.8	6,617	70.9	69.4	—
Employees, independent sector	**4,849**	**6.2**	**31.2**	**4.3**	**6,434**	**68.9**	**—**	**67.6**
1972								
All employees	73,675	100.0	602.9	100.0	8,183	100.0	—	—
All employees, excluding in not-for-profit entities	68,709	93.3	574.6	95.3	8,363	102.2	100.0	—
All employees, excluding independent sector	69,099	93.8	577.5	95.8	8,358	102.1	—	100.0
Employees in not-for-profit entities	4,966	6.7	28.2	4.7	5,679	69.4	67.9	—
Employees, independent sector	**4,576**	**6.2**	**25.3**	**4.2**	**5,529**	**67.9**	**—**	**66.2**

Sources: U.S. Department of Commerce (Bureau of Economic Analysis); U.S. Department of Labor (Bureau of Labor Statistics); and Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector," Working Paper 77, (Program on Nonprofit Organizations, Yale University, 1983).

Notes to Table 2.19 on p. 000.

salaries of other sectors, to 73.1 percent. Much of this increase was due to increased salaries for employees engaged in the health sub-sector.

Total employees in the independent sector grew from 4.6 million in 1972 to 6.5 million in 1982, for an increase of slightly more than 40 percent over a decade. This trend in employment indicates the increasing importance of the independent sector to American society.

What Are The Trends In The Participation Of American Society In The Independent Sector?

Contributions by individuals, as both a percentage of personal disposable income and as a percentage of current operating expenditures for the independent sector, declined from a peak of 3.1 percent of personal disposable income and 51.5 percent of current operating expenditures for the sector in 1960 to 2.1 percent of personal disposable income and 33.3 percent of current operating expenditures in 1981, as shown in Table 2.20.

Per capita total contributions of $114 and per capita individual contributions of $94 have remained steady since 1980. Individual contributions as a percent of personal disposable income have remained at an historic low of 2.1 percent. If this relationship were to increase by 0.1 percent, it would add an additional billion plus dollars to the contributions from individuals.

Some of the decline in individual contributions may have occurred because of changes in federal policy that have increased the standard deduction and thereby encouraged tax-filers to use the short form. In 1970, nearly half of all taxpayers itemized their deductions on the long tax form and were therefore eligible to take a deduction for itemized charitable contributions. By 1980, with the gradual increase of the standard deduction, only slightly more than one-quarter of tax-filers itemized their deductions. Therefore, over this period of time, an increasing percentage of tax-filers took no deduction for their charitable contributions.

With enactment of the Charitable Contributions Law as contained in the 1981 Economic Recovery Tax Act, all tax-filers who do not itemize their deductions can now deduct some of their charitable contributions. This law is gradually being phased in. For the 1982 tax year, tax-filers who did not itemize their deductions were allowed to deduct 25 percent of their charitable contributions up to $100 of total contributions — a maximum deduction of $25. By 1986, such tax-filers will be able to deduct 100 percent of their charitable

Table 2.20

CONTRIBUTIONS AND CURRENT OPERATING EXPENDITURES FOR ALL PRIVATE NOT-FOR-PROFIT ORGANIZATIONS, AND PERSONAL DISPOSABLE INCOME AND CONSUMPTION EXPENDITURES

(In per capita 1972 dollars)

	Contributions		Personal disposable income (PDI)[3]	Individual contributions as percent of PDI column (2) divided by column (3) x 100	Current operating expenditures[4]	Personal consumption expenditures (PCE)[3]	Current operating expenditures as percent of PCE column (5) divided by column (6) x 100	Contributions as percent of expenditures[5] column (1) divided by column (5) x 100
	Total[1] (1)	Individuals[2] (2)	(3)	(4)	(5)	(6)	(7)	(8)
1982	$114	$94	$4,544[P]	2.1%	$340	$4,125[P]	8.2%	33.5%
1981	114	94	4,538	2.1	342	4,123	8.3	33.3
1980	114	94	4,472	2.1	338	4,087	8.3	33.7
1979	115	97	4,512	2.2	331	4,121	8.0	34.7
1978	115	95	4,441	2.1	323	4,057	8.0	35.6
1977	113	92	4,280	2.2	311	3,924	7.9	36.3
1976	109	90	4,158	2.2	310	3,774	8.2	35.2
1975	109	90	4,051	2.2	311	3,609	8.6	35.1
1974	112	89	4,009	2.2	301	3,566	8.4	37.2
1970	116	89	3,665	2.4	281	3,277	8.6	41.3
1969	122	92	3,564	2.6	284	3,245	8.8	43.0
1965	112	88	3,171	2.8	232	2,858	8.1	48.3
1960	103	83	2,709	3.1	200	2,501	8.0	51.5

Sources: American Association of Fund-Raising Counsel, Inc., and U.S. Department of Commerce (Bureau of Economic Analysis and Bureau of the Census).

P = Preliminary

Notes to Table 2.20 on p. 74.

contributions.[10] It is believed that individuals will increase their giving as a result of this legislation. As more information becomes available on individual giving, and its relation to personal disposable income, it will be reported in future editions of the profile.

A comparison of current operating expenditures of not-for-profit organizations with personal consumption expenditures produces a 1982 relationship (8.2 percent) that is considerably below the high point in 1969 (8.8 percent), and in 1970 and 1975 (8.6 percent). However, the 1982 relationship of 8.2 percent was still above the 7.9 to 8.0 range recorded between 1977 and 1979. This indicates some increase in the relation of personal consumption expenditures and current operating expenditures in recent years.

Much of the past twenty years has been characterized by a steady increase in government funding for the independent sector. Individual giving peaked at 3.1 percent of personal disposable income in 1960, declined to 2.1 percent by 1980, and has remained steady since. Operating expenditures per capita in the independent sector increased by 140 percent between 1960 and 1982, with much of the difference coming from government expenditures. However, in spite of increased expenditures by government, individual giving has remained fairly steady as a percent of personal disposable income since 1974.

What Are The Assets Of The Independent Sector?

Assets represent capital wealth. Unfortunately, no consistent series of asset information is available on the independent sector. Part of the problem is that the IRS does not code or publish for dissemination the composition of assets reported in Form 990 by tax-exempt organizations with receipts above a stipulated minimum level. The Internal Revenue Service, in *Statistics of Income*, "Nonprofit Organizations, 1975-1978," analyzed financial information for all tax-exempt organizations, excluding private foundations and religious institutions. A summary of this partial information on not-for-profit organizations is presented in Tables 2.21 and 2.22.

In this IRS study, 501(c)(3) groups were compared to all other not-for-profit organizations. Although the accuracy of data reported from 990 tax forms is open to question, the trends in Table 2.21 suggest that receipts, assets, and net worth for educational, scien-

Table 2.21

ASSETS AND NET WORTH OF PRIVATE NOT-FOR-PROFIT ORGANIZATIONS FILING FEDERAL TAX RETURNS: 1978, 1977, AND 1975[1]
(Dollars in billions)

Year and type of organization	Tax returns (in thousands)	Receipts		Assets		Liabilities		Net worth		Liabilities Assets
		Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	column (6) divided by column (4)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1978										
Total	215.7	238.4	100.0%	346.4	100.0%	127.1	100.0%	219.3	100.0%	0.37
501(c)(3)	—	127.0	53.3	174.1	50.3	58.9	46.3	115.2	52.5	0.34
All other	—	111.4	46.7	172.3	49.7	68.2	53.7	104.1	47.5	0.40
1977										
Total	191.5	176.5	100.0%	250.6	100.0%	100.3	100.0%	150.3	100.0%	0.40
501(c)(3)	—	95.4	54.0	139.0	55.5	49.6	49.4	89.4	59.5	0.36
All other	—	81.1	46.0	111.6	44.5	50.7	50.6	60.9	40.5	0.45
1975										
Total	179.1[2]	$114.9	100.0%	$176.3	100.0%	$ 75.7	100.0%	$100.6	100.0%	0.43
501(c)(3)	—	65.5	57.0	108.5	61.5	36.3	48.0	72.2	71.8	0.33
All other	—	49.4	43.0	67.8	38.5	39.4	52.0	28.4	28.2	0.58

Source: U.S. Department of the Treasury (Internal Revenue Service).

Dash = Not available

Notes to Table 2.21 on p. 74.

[10]This law has the qualifier that applies to tax-filers who itemize their deductions: total charitable deductions cannot exceed fifty percent of total adjusted gross income.

tific, and other charitable organizations (excluding private foundations and religious institutions) declined from 1975 to 1978 as a proportion of total receipts, assets, and net worth of all not-for-profit organizations.

Assets for 501(c)(3) organizations, according to the IRS, declined from 61.5 to 50.3 percent of total assets from 1975 to 1978. However, this picture changes slightly if one adds the assets from private foundations, reported at $30.1 billion in 1975 and $37.3 billion in 1978 (see Table 2.7). Unfortunately, other tax-exempt organizations are not separately analyzed by the IRS. Nor does the IRS break down these assets by major composition—physical and other. Information is sparse in this area, and yet capital wealth—whether in physical or financial assets — is a critical factor in determining the relative stability and financial health of the independent sector.

Excluding foundation assets, which are summarized in Table 2.7, almost half of total assets for not-for-profit organizations are in health and education, as shown in Table 2.22. Although these institutions represent about 15 percent of the organizations that file Form 990, they report 48 percent of total assets. Much of these assets are probably in physical facilities. Further information is needed to track the changing asset position among the independent sector and within the total not-for-profit organizations.

Table 2.22

ASSETS AND NET WORTH OF PRIVATE NOT-FOR-PROFIT ORGANIZATIONS CLASSIFIED AS SCHOOLS AND COLLEGES AND IN HEALTH SERVICES FILING FEDERAL TAX RETURNS: 1975[1]

Type of organization	Tax returns		Receipts		Receipts per tax return	
	Number (thousands)	Percent	Dollars (billions)	Percent	Dollars (thousands)	Total = 100.0
	(1)	(2)	(3)	(4)	(5)	(6)
Total	220.2	100.0%	$114.9	100.0%	$ 522	100.0
Health services and related activities	14.2	6.4	41.3	35.9	2,902	555.9
Schools, colleges, and related activities	19.1	8.7	19.1	16.6	998	191.2
All others	186.9	84.9	54.5	47.4	292	55.9

Type of organization	Assets		Liabilities		Net worth		Liabilities/ Assets
	Dollars (billions)	Percent	Dollars (billions)	Percent	Dollars (billions)	Percent	column (9) divided by column (7)
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Total	$176.3	100.0%	$75.7	100.0%	$100.6	100.0%	0.43
Health services and related activities	37.0	21.0	15.4	20.3	21.6	21.5	0.42
Schools, colleges, and related activities	46.8	26.5	15.9	21.0	30.9	30.7	0.34
All others	92.5	52.5	44.4	58.7	48.1	47.8	0.48

Source: U.S. Department of the Treasury (Internal Revenue Service).

Notes to Table 2.22 on p. 74.

SECTION THREE: PROFILE OF INDEPENDENT SECTOR ORGANIZATIONS BY SUB-SECTOR

Section Three provides financial profiles of the major sub-sectors of the independent sector including health services, education, religion, social services, foundations, and arts and culture. These sub-sectors depend on revenues from a variety of sources, including income from private contributions, dues and fees, government support and endowment. However, the reliance on any one of these sources or a combination varies by sub-sector.

— Total annual sources of support (excluding assigned values for volunteer time) for the independent sector in 1980 is estimated at $160 billion, more than double its annual sources of support of $76 billion in 1974. Health services in 1980, primarily hospitals, accounted for 46.5 percent or $74 billion, and the education and research sub-sector for 23 percent or $36.7 billion. These two sub-sectors accounted for approximately 70 percent of total annual sources of support for the independent sector.

— Although contributions declined as a proportion of total annual sources of support from 33 percent ($25.3 billion) in 1974 to 28 percent ($44.7 billion), contributions were important sources of income for various sub-sectors. In religion, contributions accounted for 86 percent of total annual sources of support. Social services depended on contributions for 30 percent of total annual sources of support in 1980, down from 43 percent in 1974. Approximately 60 percent of total annual sources of support for arts and cultural organizations came from contributions.

— Contributions as a proportion of total annual sources of support declined in health services from 14 percent in 1974 to nine percent in 1980, and, in the education and research sub-sector from 17.2 percent in 1974 to 15.5 percent in 1980.

— Dues, fees, and charges remained fairly steady as a proportion of total annual sources of support from 1974 to 1980, accounting for about 39 percent of total support for the sector as a whole. However, trends within sub-sectors varied. In health services, such income accounted for almost half of total annual sources of support (49 percent), and in the education and research sub-sector it accounted for 53 percent.

— The social services sub-sector increased its reliance on income from fees from 21 percent of total annual sources of support in 1974 to 25 percent in 1980.

— Some sub-sectors, such as religious institutions and foundations, receive little or no income from dues, fees, and charges. Arts and cultural organizations received about 10 percent of their annual support from this source in 1980.

— Endowment is a major source of income for foundations, accounting for 81 percent of annual sources of support in 1980. It is less important for other sub-sectors.

— Another major source of support—income from government—also varies dramatically by sub-sector. While the religion and foundation sub-sectors may receive little or no income from government, other sub-sectors have become increasingly reliant on government funding for a significant proportion of their total annual sources of support. From 1974 to 1980, total annual sources of support from government in both the health services and social services sub-sectors increased from 28 to 34 percent. In the education and research sub-sector, the increase was from 12 percent in 1974 to 16 percent in 1980.

— From 1974 to 1980, government support to civic, social and fraternal organizations declined from 38 to 36 percent of total annual sources of support, and in arts and cultural organizations from 27 to 24 percent.

— One of the major trends that can be seen in the changing proportions of total income among different sources of revenue is that while government increased its funding at about the same proportion (34 percent) of total annual sources of support to both the health services and social services sub-sectors, income from dues, fees, and charges remained steady for health services but increased as a proportion of total income for the social services sub-sector. Part of this increasing reliance of income from fees and charges may be attributed to contributions not increasing as rapidly as expenditures during this period.

— The total current operating expenditures for the independent sector in 1980 was $131 billion dollars exclusive of volunteer time. The four largest sub-sectors accounted for approximately $123 billion (94 percent) of total expenditures. They include: health services $65 billion (49.6 percent); education and research $31.2 billion (23.8 percent); social services $13.7 billion (10.4 percent) and religion $12.9 billion (9.8 percent). Other sub-sectors, including civic, social, and fraternal organizations, arts and cultural organizations, foundations (including international activities), and legal services accounted for approximately $8 billion (six percent).

— The health services sub-sector is one of the fastest growing sub-sectors of the independent sector. Accounting for 43 percent ($27 billion) of current operating expenditures in 1974, this sub-sector accounted for almost half of current operating expenditures ($65 billion) in 1980.

— The social services sub-sector also grew rapidly from 1974 to 1980 increasing its share of total current operating expenditures for the independent sector from nearly eight percent ($5 billion) in 1974 to 10 percent ($13.7 billion) in 1980.

— The education and research and religion sub-sectors showed a decline in the proportion of current operating expenditures in relation to the independent sector. Current operating expenditures for the education and research sub-sectors declined as a proportion of total expenditures for the independent sector from 28 percent ($17.8 billion) in 1974 to 24 percent ($31.2 billion) in 1980. In the religion sub-sector, the relative decline was from 13 percent ($8.5 billion) in 1974 to less than 10 percent ($12.9 billion) in 1980.

— Although the declining proportions of current operating expenditures in religion and education can be explained partially by the rapid growth of the health services and social services sub-sectors, other trends such as a decline in the relative average wages and salaries for these two sub-sectors, but particularly in education, contributed to an overall proportionate decline in current operating expenditures in these sub-sectors.

— Employment in the independent sector grew slightly as a proportion of employment for all nonprofit organizations. In 1982, the independent sector employed 6.5 million paid employees or 93 percent of total employment of all nonprofit organizations.

— Employment by sub-sector within the independent sector varied from 1974 to 1980. Although employment at hospitals remained fairly steady as a proportion of total employment for the independent sector, accounting for nearly 40 percent of total employment, wages and salaries as a proportion of total wages and salaries increased from 38 to 46 percent during this period.

— Employment in social services increased as a proportion of total employment for the independent sector from approximately 11 percent in 1974 to 15 percent in 1980.

— Employment at private colleges and universities declined as a proportion of total employment in the independent sector, from 13.5 percent in 1974 to less than 12 percent in 1980. Wages and salaries also declined as a proportion of total wages and salaries for the sector from nearly 21 percent to 14 percent during this period.

— From 1972 to 1982, the annual rate of growth in paid employment in the independent sector was 3.6 percent compared to two percent for all employees on nonagricultural payrolls.

— Annual rates of growth among components of the independent sector varied considerably during this decade. The annual rate of growth in employment in the social services sub-sector grew fastest at 7.7 percent followed by hospitals at 4.3 percent. Employment at colleges and universities had an annual increase of 1.7 percent while the religion sub-sector had an annual rate of change in employment of under one percent.

SECTION THREE: PROFILES OF INDEPENDENT SECTOR ORGANIZATIONS BY SUB-SECTOR

The independent sector is composed of voluntary organizations, foundations, and the social responsibility programs of corporations. In Section One, we looked at the size of the sector along various dimensions and described this sector in comparison to the for-profit and government sectors of American society. In Section Two, we described broad trends in contributions and in the sources of support and uses of resources for this sector. The purpose of Section Three is to examine the trends among sub-sectors of the independent sector.

Currently, there is neither a classification system that specifically identifies the independent sector, or a collection program that regularly compiles data on not-for-profit organizations. Embedded within the Standard Industrial Classification (SIC) system of the U.S. government are not-for-profit organizations, but they are not identified as such. Thus, while their activities contribute to the totals of specific SIC industries, specific not-for-profit activities can only be surmised. Furthermore, there are no regular surveys on giving or on volunteering.

Some sub-sectors of the independent sector are surveyed on a regular basis. The American Hospital Association surveys hospitals each year and identifies not-for-profit hospitals, their expenditures and employment. Independent colleges and universities are surveyed as part of the Higher Education General Information Survey conducted by the National Center for Education Statistics.

The Internal Revenue Service collects tax forms from tax-exempt organizations with revenues of $10,000 or more, but only publishes two lines of data – total assets and total revenues. This restriction severly limits the potential of the IRS as a source for analyzing the independent sector.

In its census of service industries conducted every five years, the U.S. Bureau of the Census provides the best baseline data for many of the sub-sectors of the independent sector to date. However, the census program for 1982 has eliminated education and hospitals from its agenda, cutting off an alternative database and a source of verification for other data systems.

Because religious institutions do not have to report to the government, we have very little information on their finances and services on a national basis. The last major national survey on religion was conducted in 1973 for the National Commission on Private Philanthropy and Public Needs.

Another important area for which it is difficult to develop trend data is international philanthropy. Many organizations, including churches, provide numerous services abroad, but this information is not compiled in one source. We can estimate the amount of money going to U.S. organizations for international purposes from government, but we have no reliable estimates of private contributions used for services abroad.

The tables here that analyze trends by major sub-sector do not include estimates of volunteer time, because the recent Gallup surveys on volunteers do not fully designate volunteer time by sub-sector and activities. Some references are made in the text to significant amounts of volunteer time donated to a sub-sector as reported in the Gallup surveys, but such statements are only suggestive.

With these caveats, we attempt in this section to examine the sources of support and uses of resources laid out in Section Two, and to provide more detailed profiles of these trends by major sub-sector, where information is available or where estimations can be made from either public or private sources.

What Are The Trends In Sources Of Support By Sub-Sector?

In Section Two, overall trends in the sources of support were presented in Table 2.15. However, trends in the sources of support vary substantially by sub-sector. Table 3.0 below shows the division of sources of support by sub-sector. Health services, primarily hospitals, in 1980 accounted for 46.5 percent or $74.3 billion, and education and research accounted for 23 percent or $36.7 billion. These two sub-sectors accounted for approximately 70 percent of total annual funds of the independent sector.

Total annual sources of support for the health services sub-sector grew at a much faster rate than education and research, the next largest sub-sector. For health services, total annual support increased by 138 percent from $31.2 billion in 1974 to $74.3 billion in 1980, while education and research increased by 76 percent from $20.9 billion in 1974 to $36.7 billion in 1980. Accordingly, the health services proportion of total annual support for the sector grew from 40.9 percent in 1974 to 46.5 percent in 1980, whereas the education and research declined from 27.4 percent of total annual support in 1974 to 23.0 percent in 1980.

The third largest sub-sector of the independent sector as a proportion of total annual support is religion. Funding for the sacramental activities of religion grew faster than funding for education, almost doub-

Table 3.0

INDEPENDENT SECTOR: ANNUAL SOURCES OF SUPPORT BY SUB-SECTOR AND SOURCE: 1980, 1977, AND 1974
(In billions of dollars)

Sources of funds and year	Independent sector ALL Dollars	Independent sector ALL Percent	Major sub-sectors of the independent sector: Health services[1]	Education/ Research[2]	Religious organ.[3]	Social services[4]	Civic, social and fraternal organ.*	Arts/ Culture[5]	Foundations[6]§	Legal services[7]
	(1)	(column) (2)	(3)	(4)	(5)*	(6)	(7)	(8)	(9)	(10)
1980										
Percent distribution (row)	100.0%	—	46.5%	23.0%	11.3%	9.9%	3.4%	3.1%	2.6%	0.2%
Total	$159.9	100.0%	$74.3	$36.7	$18.0	$15.9	$5.5	$5.0	$4.2	$0.3
Private sector	119.6	74.8	48.8	30.7	18.0	10.5	3.5	3.8	4.2	0.1
Contributions	44.7*	28.0	6.6	5.7	15.5*	4.8	1.4	3.1	0.8**	0.1
Dues, fees, charges	61.7	38.5	36.2	19.5	—	4.0	1.5	0.5	—	—
Other receipts	13.2*	8.3	6.0	5.5	2.5	1.7	0.6	0.2	3.4	—
Endowments	8.1	5.1	1.0	2.0	0.8	0.6	0.2	0.1	3.4	—
Other	5.1*	3.2	5.0	3.5	1.7	1.1	0.4	0.1	—	—
Government sector	40.3	25.2	25.5	6.0	—	5.4	2.0	1.2	—	0.2
1977										
Percent distribution (row)	100.0%	—	44.8%	23.9%	12.3%	9.2%	4.0%	3.2%	2.4%	0.3%
Total	$110.4	100.0%	$49.4	$26.4	$13.6	$10.2	$4.4	$3.5	$2.6	$0.3
Private sector	84.5	76.5	33.6	22.0	13.6	6.9	2.9	2.8	2.6	0.1
Contributions	33.5*	30.3	4.9*	4.0	11.7*	3.5	1.2	2.3	0.6**	0.1
Dues, fees, charges	42.1	38.1	24.1	14.1	—	2.4	1.2	0.3	—	—
Other receipts	8.9*	8.1	4.6	3.9	1.9	1.0	0.5	0.2	2.0	—
Endowments	5.4	4.9	0.6	1.5	0.6	0.4	0.2	0.1	2.0	—
Other	3.5*	3.2	4.0	2.4	1.3	0.6	0.3	0.1	—	—
Government sector	25.9	23.5	15.8	4.4	—	3.2	1.6	0.7	—	0.2
1974										
Percent distribution (row)	100.0%	—	40.9%	27.4%	12.2%	9.4%	4.5%	2.9%	2.4%	0.3%
Total	$ 76.3	100.0%	$31.2	$20.9	$ 9.3	$ 7.2	$3.4	$2.2	$1.8	$0.3
Private sector	60.8	79.7	22.4	18.3	9.3	5.2	2.1	1.6	1.8	0.1
Contributions	25.3*	33.2	4.3	3.6	8.0*	3.1	0.8	1.3	0.2**	0.1
Dues, fees, charges	29.2	38.3	14.9	14.6	—	1.5	1.0	0.2	—	—
Other receipts	6.3*	8.3	3.2	3.1	1.3	0.6	0.3	0.1	1.6	—
Endowments	3.9	5.1	0.4	1.2	0.4	0.2	0.1	—	1.6	—
Other	2.4*	3.2	2.8	1.9	0.9	0.4	0.2	0.1	—	—
Government sector	15.5	20.3	8.8	2.6	—	2.0	1.3	0.6	—	0.2

Sources: American Association of Fund-Raising Counsel, Inc.; American Hospital Association; Commission on Private Philanthrophy and Public Needs; Council for Financial Aid to Education; The Foundation Center; National Association of Independent Schools; U.S. National Center for Education Statistics; Lester Salamon, The Nonprofit Sector Project, Urban Institute; and authors' estimates.

Dash — Either no estimate made or not applicable.

§Foundations (and international activities) used here synonymously with the Standard Industrial Classification code number and title 6732 – Educational, religious and charitable trusts, (and international activities).

(*) (**) Explanations are included with the notes to Tables 3.0 and 3.1.

Notes to Table 3.0 on pp. 75-76.

ling from 1974 to 1980. However, as a percentage of total annual sources of support for the sector, religion also declined from 12.2 percent in 1974 to 11.3 percent in 1980.[1] Some of this decline in the proportion of total annual support to religion can be explained by the increased growth of government support to other sub-sectors during this period. Religious institutions do not receive government support for sacramental activities.

Total annual support for social services grew by 120 percent between 1974 and 1980, from $7.2 billion to $15.9 billion. Total sources of support for social services also remained fairly steady as a proportion of total support for the independent sector, increasing from 9.4 percent of total support in 1974 to 9.9 percent in 1980.

As indicated in Table 3.0, the other four sub-sectors together in 1980 comprised under 10 percent of the total sources of support for the independent sector. Funding for civic, social, and fraternal organizations grew at a slower pace than funding for other sectors, up 61 percent from 1974 to 1980. Funding for the arts

[1]Religious support for nonsacramental activities, such as education and social services, has been subtracted from total support for religion and added to the support for the sub-sector it applies; see detailed notes to Table 3.0 on pp. 75-76.

and culture grew faster than all sectors, up 172 percent, from $2.2 billion in 1974 to $5.0 billion in 1980. Annual sources of support for foundations, charitable trusts, and international activities also grew by 133 percent, from $1.8 billion in 1974 to $4.2 billion in 1980.[2] It was assumed that no significant increase occurred in funding for legal services from 1974 to 1980.

The variations in total annual sources of support by source within each sub-sector can be seen more clearly in Table 3.1. Looking at this table, several trends emerge. Total contributions accounted for 33 percent of total annual sources of support in 1974 and 28 percent of total support in 1980. However, contributions accounted for 8.9 percent of total annual

Table 3.1

INDEPENDENT SECTOR: PERCENTAGE DISTRIBUTION OF ANNUAL SOURCES OF SUPPORT BY SUB-SECTOR AND SOURCE: 1980, 1977, AND 1974
(In billions of dollars)

Sources of funds and year	Independent sector ALL Dollars	Independent sector ALL Percent	Major sub-sectors of the independent sector: Health services[1]	Education/ Research[2]	Religious organ.[3]	Social services[4]	Civic, social and fraternal organ.[4]	Arts/ Culture[5]	Foundations[6]§	Legal services[7]
	(1)	(column) (2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1980										
Percent distribution (row)	100.0%	—	46.5%	23.0%	11.3%	9.9%	3.4%	3.1%	2.6%	0.2%
Total	$159.9	—	$74.3	$36.7	$18.0	$15.9	$ 5.5	$ 5.0	$ 4.2	$ 0.3
Percent distributions (columns)	—	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Private sector	119.6	74.8	65.7	83.6	100.0	66.0	63.6	76.0	100.0	33.3
Contributions	44.7*	28.0	8.9	15.5	86.1*	30.2	23.5	62.0	19.0**	33.3
Dues, fees, charges	61.7	38.5	48.7	53.1	—	25.2	27.3	10.0	—	—
Other receipts	13.2*	8.3	8.1	15.0	13.9	10.7	10.9	4.0	81.0	—
Endowments	8.1	5.1	1.4	5.5	4.4	3.8	3.6	2.0	81.0	—
Other	5.1*	3.2	6.7	9.5	9.4	6.9	7.3	2.0	—	—
Government sector	40.3	25.2	34.3	16.4	—	34.0	36.4	24.0	—	66.7
1977										
Percent distribution (row)	100.0%	—	44.8%	23.9%	12.3%	9.2%	4.0%	3.2%	2.4%	0.3%
Total	$110.4		$49.4	$26.4	$13.6	$10.2	$ 4.4	$ 3.5	$ 2.6	$ 0.3
Percent distributions (columns)	—	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Private sector	84.5	76.5	68.0	83.3	100.0	67.6	65.9	80.0	100.0	33.3
Contributions	33.5*	30.3	9.9	15.2	86.0*	34.3	27.3	65.7	23.1**	33.3
Dues, fees, charges	42.1	38.1	48.8	53.4	—	23.5	27.3	8.6	—	—
Other receipts	8.9*	8.1	9.3	14.8	14.0	9.8	11.4	5.7	76.9	—
Endowments	5.4	4.9	1.2	5.7	4.4	3.9	4.6	2.9	76.9	—
Other	3.5*	3.2	8.1	9.1	9.6	5.9	6.8	2.9	—	—
Government sector	25.9	23.5	32.0	16.7	—	31.4	36.4	20.0	—	66.7
1974										
Percent distribution (row)	100.0%	—	40.9%	27.4%	12.2%	9.4%	4.5%	2.9%	2.4%	0.3%
Total	$ 76.3	—	$31.2	$20.9	$ 9.3	$ 7.2	$ 3.4	$ 2.2	$ 1.8	$ 0.3
Percent distributions (columns)	—	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Private sector	60.8	79.7	71.8	87.6	100.0	72.2	61.8	72.7	100.0	33.3
Contributions	25.3*	33.2	13.8	17.2	86.0*	43.1	23.5	59.1	11.1**	33.3
Dues, fees, charges	29.2	38.3	47.8	55.5	—	20.8	29.4	9.1	—	—
Other receipts	6.3*	8.3	10.3	14.8	14.0	8.3	8.8	4.6	88.9	—
Endowments	3.9	5.1	1.3	5.7	4.4	2.8	2.9	—	88.9	—
Other	2.4*	3.2	9.0	9.1	9.7	5.5	5.9	4.6	—	—
Government sector	15.5	20.3	28.2	12.4	—	27.8	38.2	27.3	—	66.7

Sources: American Association of Fund-Raising Counsel, Inc.; American Hospital Association; Commission on Private Philanthropy and Public Needs; Council for Financial Aid to Education; The Foundation Center; National Association of Independent Schools; U.S. National Center for Education Statistics; Lester Salamon, The Nonprofit Sector Project, Urban Institute; and authors' estimates.

Dash — Either no estimate made or not applicable.

§Foundations (and international activities) used here synonymously with the Standard Industrial Classification code number and title: 6732 – Educational, religious and charitable trusts, (and international activities).

(*) (**) Explanations are included with the notes to Tables 3.0 and 3.1.

Notes to Table 3.1 on pp. 75-76.

[2]Foundation grants are subtracted from contributions received by foundations and reappear in the budgets of the sub-sector where they apply; see detailed notes to Table 3.0 on pp. 75-76.

sources of support for health services in 1980, down from 13.8 percent of total annual support in 1974. Contributions accounted for 15.5 percent of total annual sources of support for education and research in 1980, down from 17.2 percent in 1974.

Religion is funded primarily by contributions. Contributions accounted for approximately 86 percent of total annual sources of support for religion in 1974 and has remained fairly steady since that time. Social service organizations derived 30 percent of their total annual support from contributions in 1980, down from 43 percent in 1974. About one-quarter of total annual support for civic, social, and fraternal organizations came from contributions throughout this period. Arts and cultural organizations are highly dependent on contributions for an increasing proportion of their total annual budget. Contributions accounted for approximately 60 percent or more of total annual sources of support for these organizations throughout this period.

Foundations both receive and donate money. Net contributions to foundations and corporate foundations accounted for 19 percent of total annual sources of support in 1980, up from 11.1 percent in 1974.

The distribution of contributions varies from individuals, corporations, and foundations for the support of various sub-sectors of the independent sector. Table 3.2 is an illustration of the distribution patterns of giving by corporations, foundations, living individuals, and bequests in 1980.

nizations (19 percent), religion (15 percent), and arts and culture (14 percent).

Living individuals gave two-thirds of their donations to religion (68 percent), followed by social services (11 percent), and education (9 percent). Very little information is available on the distribution of bequests, so very general estimates are given here based upon the distribution of total contributions by sub-sector. It is estimated that education, arts and culture, and civic, social, and fraternal organizations receive approximately three-fourths of contributions made through bequests.

Another major source of support — income from dues, fees, and charges — varied tremendously by sub-sector, as shown in Table 3.1. Dues, fees, and charges remained relatively steady throughout this period as a proportion of total annual sources of support for the independent sector. However, the proportion of income derived from dues, fees, and charges varied by sub-sector. In health services, income from such fees provided almost half of total annual sources of support. Such charges come primarily from private insurance payments for hospital care. In the education and research sub-sector, dues, fees, and charges provided more than half of total annual sources of support. However, the proportion of income received by this sub-sector from fees declined somewhat, from 55.5 percent of total annual support in 1974 to 53.1 percent in 1980.

Some sub-sectors receive little or no income from dues, fees, and charges, such as religion, foundations, and legal services. Civic, social, and fraternal organizations relied on income from fees for approxi-

Table 3.2

GIVERS: ILLUSTRATIVE DISTRIBUTION PATTERNS BY TYPE OF DONOR BY MAJOR SUB-SECTORS PREVALENT IN THE INDEPENDENT SECTOR: 1980

Donors	ALL Percent	Health services	Education/ Research	Religious organizations	Social services	Civic, social, and fraternal organizations	Arts/ Culture	Other, not identified
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Corporations[1]	100.0%	5.0	38.1	0.2	26.0	14.7	10.6	5.4
Foundations[2]	100.0%	14.7	44.9	2.4	5.1	19.4	13.5	—
Individuals								
Living persons[3]	100.0%	5.5	9.0	67.5	10.5	7.5		—
Bequests	100.0%	(5.5)	(50.0)	(10.0)	(10.0)	(24.5)		—

Sources: The Gallup Organization, Inc., The Foundation Center, The Conference Board, and The Council for Financial Aid to Education.

Dash = not applicable.

( ) = Percentages in parentheses are not derived from any single survey. The parentheses are intended to indicate that the estimates contain a substantial element of best judgement input by the authors.

Notes to Table 3.2 on p. 76.

Corporations gave the largest proportion of their funds to education (38 percent) and social services (26 percent), followed by civic, social, and fraternal organizations (15 percent), and arts and culture (11 percent).

Foundations also supported education heavily (45 percent), followed by civic, social, and fraternal organizations (19 percent), religion (15 percent), and arts and culture (14 percent).

mately one-quarter of their total annual support. Social service organizations have become increasingly more dependent on income from fees during this period; in 1974, approximately 21 percent of total annual support came from fees, while in 1980, one-quarter of total annual funds came from fees. Income from fees for arts and cultural organizations provided less than 10 percent of total annual funds in 1974. As a

proportion of total annual funds, dues, fees and charges may have increased slightly from 1974 to 1980. Unlike foundations, endowments are not a major source of income for other components of the independent sector. It is estimated that endowments account for only five to six percent of education's total annual funds. The other sectors do not reach the proportions indicated for education. In the case of foundations, however, income from endowment provides 75 to 80 percent of total annual support.

Another major source of annual support – income from government – also varied dramatically by subsector. While the religious and foundation sub-sectors may receive little or no income from government, other sub-sectors have become increasingly reliant on government funding for a significant proportion of their total annual support. For 1974, 1977, and 1980, the proportion of total annual funds from government in both the health services and social services sub-sectors increased from 28 to 32 to 34 percent. In education, the increase went from 12 percent in 1974 to 16 percent in 1980.

In two sub-sectors, government support of total annual funding may have declined slightly. Government funding for civic, social, and fraternal organizations declined from 38 to 36 percent of total annual support from 1974 to 1980. In arts and cultural organizations, income from government declined from 27 to 24 percent of total annual support.

One major trend can be seen in the changing proportions of annual support covered by different sources: while government funding proportions increased and represented about the same proportion of total annual support for both the health and social services sub-sectors, dues, fees, and charges increased as a proportion of total annual funds for the social services sub-sector and remained nearly constant for health services, at about 48 to 49 percent. Part of the increasing reliance in the social services sub-sector on dues, fees, and charges may be attributed to contributions not increasing as rapidly as expenditures.

What Are The Major Uses Of Resources By Sub-Sector?

Overall trends for the uses of resources in the independent sector were presented in Table 2.17 in Section Two. Just as there were variations by sub-sector in the sources of support, Tables 3.3 and 3.4 show variations in the uses of resources by various subsectors.

Essentially, the independent sector is labor intensive, since a large portion of its activities consists of providing services from people to people. Overall, a large portion of the budgets of various sub-sectors is devoted to salaries and wages of such people as doctors, social workers, missionaries, secretaries, etc. Salaries and wages account for approximately 40 percent of the use of total annual resources.

In Table 3.4, trends in the use of total annual resources among the various sub-sectors can be seen more readily in terms of percent distributions than in dollars, as shown in Table 3.3. Health services, education and research, and social services are the most labor intensive sub-sectors of the independent sector. Wages and salaries for the health sector ranged from 42 percent of total annual resources in 1974 to 46 percent in 1977, and declined to 44 percent in 1980. For education and research, the proportion of total annual resources for wages and salaries declined from 48 to 40 percent from 1974 to 1980. The proportion of total annual resources for wages and salaries in the social services sub-sector increased from 35 to 43 percent during this period.

Although the proportion of total annual resources for salaries and wages for the religion sub-sector increased from 27 to 31 percent from 1974 to 1980, religious institutions spent a significant proportion of their total annual resources on activities other than sacramental. This is shown in the proportion of funds included in "other, including change in holding of funds," approximately one-quarter of total annual resources in 1977 and 1980. This percentage of holding of funds for religion presents a major problem for our estimates. Estimates for all sub-sectors are supported in varying degrees by government surveys on employment, service industries, and health and education. Estimates for employment and wages have been made for religion from unpublished data made available by the U.S. Department of Labor, Bureau of Statistics (BLS). However, total receipts for religious institutions are not reported either in public or private sources. Utilized in the preparation of estimates were a survey of religious expenditures completed in 1974 for the National Commission on Private Philanthropy and Public Needs, and annual estimates of private contributions to religion conducted by the American Association of Fund-Raising Counsel and published in *Giving USA*. Their results show that private contributions to religion have grown faster than contributions to any other sub-sector.

In the absence, therefore, of any reliable information other than employment and the relation of employment to current operating expenditures, the residual figure for religion, recorded in "other, including changes in holding of funds" in Tables 3.3 and 3.4, represents a large unknown factor between total annual funds and estimates for employment costs, other operating expenditures and funds for capital improvement and construction. Without another survey of the total annual receipts and expenditures of religious institutions in this country, it is assumed

that this residual, amounting to approximately one-quarter of total annual funds for religion, could be attributed to some combination of other non-sacramental expenditures that are not recorded, to expenditures for return from investments and other assets, and to errors in the reported total contributions to religion.

Other sub-sectors are less labor intensive because a larger proportion of total expenditures is used in maintaining and buying acquisitions for museums or giving away money to other organizations. These include the arts and culture sub-sector and the foundation sub-sector, whose functions are quite different from those of other sub-sectors.

For all sub-sectors, expenditure estimates are derived from various public and private sources, and

Table 3.3

INDEPENDENT SECTOR: ANNUAL RESOURCES BY SUB-SECTOR AND FUNCTION: 1980, 1977, AND 1974
(In billions of dollars)

Annual funds, functions and wages and salaries	Independent sector ALL		Major sub-sectors of the independent sector							
	Dollars	Percent	Health services[1]	Education/ Research[2]	Religious organ.[3]	Social services[4]	Civic, social and fraternal organ.[4]	Arts/ Culture[5]	Foundations[6]§	Legal services[7]
	(1)	(column) (2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1980										
Percent distribution (row)	100.0%	—	46.5%	23.0%	11.3%	9.9%	3.4%	3.1%	2.6%	0.2%
Total	$159.9	100.0%	$74.3	$36.7	$18.0	$15.9	$5.5	$5.0	$4.2	$0.3
Current operating expenditures	131.2	82.1	65.1	31.2	12.9	13.7	5.1	2.5	0.4	0.3
Wages and salaries	63.5	39.7	33.1	14.8	5.5	6.8	1.9	1.0	0.2	0.2
Fringe benefits and other expenditures	67.7	42.3	32.0	16.4	7.4	6.9	3.2	1.5	0.2	0.1
Construction and capital improvements	6.3	3.9	1.6	3.2	0.8	0.4	0.2	0.1	—	—
Other, including changes in holding of funds	22.4	14.0	7.6	2.3	4.3	1.8	0.2	2.4	3.8	—
1977										
Percent distribution (row)	100.0%	—	44.8%	23.9%	12.3%	9.2%	4.0%	3.2%	2.4%	0.3%
Total	$110.4	100.0%	$49.4	$26.4	$13.6	$10.2	$4.4	$3.5	$2.6	$0.3
Current operating expenditures	90.2	81.7	43.3	22.7	9.6	8.3	4.0	1.6	0.4	0.3
Wages and salaries	46.1	41.8	22.8	12.5	4.1	4.1	1.5	0.6	0.2	0.2
Fringe benefits and other expenditures	44.1	39.9	20.5	10.2	5.5	4.2	2.5	1.0	0.2	0.1
Construction and capital improvements	4.5	4.1	1.3	2.2	0.5	0.3	0.1	0.1	—	—
Other, including changes in holding of funds	15.7	14.2	4.8	1.5	3.5	1.6	0.3	1.8	2.2	—
1974										
Percent distribution (row)	100.0%	—	40.9%	27.4%	12.2%	9.4%	4.5%	2.9%	2.4%	0.3%
Total	$ 76.3	100.0%	$31.2	$20.9	$ 9.3	$ 7.2	$3.4	$2.2	$1.8	$0.3
Current operating expenditures	63.3	83.0	27.1	17.8	8.5	5.0	3.2	1.2	0.2	0.3
Wages and salaries	31.2	40.9	13.2	10.0	3.6	2.5	1.2	0.5	0.1	0.1
Fringe benefits and other expenditures	32.1	42.1	13.9	7.8	4.9	2.5	2.0	0.7	0.1	0.2
Construction and capital improvements	4.2	5.5	1.3	2.0	0.4	0.3	0.1	0.1	—	—
Other, including changes in holding of funds	8.8	11.5	2.8	1.1	0.4	1.9	0.1	0.9	1.6	—

Sources: American Hospital Association, U.S. Department of Commerce (Bureau of the Census and Bureau of Economic Analysis), U.S. National Center for Education Statistics, Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector," Working Paper 77, Program on Nonprofit Organizations, Yale University, and authors' estimates.

Dash — Either no estimate made or not applicable.

§ Foundations (and international activities) used here synonymously with the Standard Industrial Classification code number and title: 6732 – Educational, religious and charitable trusts, (and international activities).

(*) (**) Explanations are included with the notes to Tables 3.0 and 3.1.

Notes to Table 3.3 on pp. 76-77

have been pieced together. Inevitably, specific estimates of expenditures differ in terms of reliability. Particularly vulnerable to substantial errors in estimation are those estimates for construction and capital improvements. This impacts on estimates of "other, including change in holding of funds," a residual component representing the difference between current operating expenditures, construction and capital improvements, and total annual sources of support. It should be noted that estimates for total annual sources of support are subject to errors of estimation, particularly for such sources of funds as contributions, which are not collected on a regular basis by either government or private agencies.

Table 3.4

INDEPENDENT SECTOR: PERCENTAGE DISTRIBUTION OF ANNUAL RESOURCES BY SUB-SECTOR AND FUNCTION: 1980, 1977, AND 1974
(In billions of dollars)

Annual funds, functions and employment analysis	Independent sector ALL		Major sub-sectors of the independent sector							
	Dollars	Percent	Health services[1]	Education/ Research[2]	Religious organ.[3]	Social services[4]	Civic, social and fraternal organ.[4]	Arts, Culture[5]	Foundations[6]§	Legal services[7]
	(1)	(column) (2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1980										
Percent distribution (row)	100.0%	—	46.5%	23.0%	11.3%	9.9%	3.4%	3.1%	2.6%	0.2%
Total	$159.9	—	$74.3	$36.7	$18.0	$15.9	$ 5.5	$ 5.0	$ 4.2	$ 0.3
Percent distributions (columns)	—	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Current operating expenditures	131.2	82.1	87.6	85.0	71.7	86.2	92.7	50.0	9.5	100.0
Wages and salaries	63.5	39.7	44.5	40.3	30.6	42.8	34.5	20.0	4.8	66.7
Fringe benefits and other expenditures	67.7	42.3	43.1	44.7	41.1	43.4	58.2	30.0	4.8	33.3
Construction and capital improvements	6.3	3.9	2.2	8.7	4.4	2.5	3.6	2.0	—	—
Other, including changes in holding of funds	22.4	14.0	10.2	6.3	23.9	11.3	3.6	48.0	90.5	—
1977										
Percent distribution (row)	100.0%	—	44.8%	23.9%	12.3%	9.2%	4.0%	3.2%	2.4%	0.3%
Total	$110.4	—	$49.4	$26.4	$13.6	$10.2	$ 4.4	$ 3.5	$ 2.6	$ 0.3
Percent distributions (columns)	—	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Current operating expenditures	90.2	81.7	87.7	86.0	70.6	81.4	90.9	45.7	15.4	100.0
Wages and salaries	46.1	41.8	46.2	47.4	30.2	40.2	34.1	17.1	7.7	66.7
Fringe benefits and other expenditures	44.1	39.9	41.5	38.6	40.4	41.2	56.8	28.6	7.7	33.3
Construction and capital improvements	4.5	4.1	2.6	8.3	3.7	2.9	2.3	2.9	—	—
Other, including changes in holding of funds	15.7	14.2	9.7	5.7	25.7	15.7	6.8	51.4	84.6	—
1974										
Percent distribution (row)	100.0%	—	40.9%	27.4%	12.2%	9.4%	4.5%	2.9%	2.4%	0.3%
Total	$ 76.3	—	$31.2	$20.9	$ 9.3	$ 7.2	$ 3.4	$ 2.2	$ 1.8	$ 0.3
Percent distributions (columns)	—	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Current operating expenditures	63.3	83.0	86.9	85.2	91.4	69.4	94.1	54.6	11.1	100.0
Wages and salaries	31.2	40.9	42.3	47.9	26.9	34.7	35.3	22.7	5.6	33.3
Fringe benefits and other expenditures	32.1	42.1	44.6	37.3	64.5	34.7	58.8	31.8	5.6	66.7
Construction and capital improvements	4.2	5.5	4.2	9.6	4.3	4.2	3.0	4.6	—	—
Other, including changes in holding of funds	8.8	11.5	9.0	5.2	4.3	26.4	3.0	40.9	88.9	—

Sources: American Hospital Association; U.S. Department of Commerce (Bureau of the Census and Bureau of Economic Analysis); U.S. National Center for Education Statistics; Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector," Working Paper 77, Program on Nonprofit Organizations, Yale University, and authors' estimates.

Dash — Either no estimate made or not applicable.

§ Foundations (and international activities) used here synonymously with the Standard Industrial Classification code number and title: 6732 – Educational, religious and charitable trusts, (and international activities).

(*) (**) Explanations are included with the notes to Tables 3.0 and 3.1.

Notes to Table 3.4 on pp. 76-77.

What is not assumed, however, is that total annual receipts equal total annual expenditures, since there are enough industry studies in health, education and research, and foundations to show that such an assumption is unwarranted. The major question then occurs in industries where there are no regular studies: what is the relationship or difference between total annual sources of support and current operating expenditures? The next question becomes, how are these residual funds used?

In Section Two, assigned values for total volunteer time are made and added to total annual sources of support (Table 2.16), and to wages and salaries in total annual uses of sources of support (Table 2.18). Due to a lack of detailed information on volunteers by subsector, an analysis of the assigned value of volunteer time by sub-sector is not possible at this time. Should this situation change and more detailed surveys on volunteers by activity and sub-sector become available, such analysis will be included in future editions of this report.

What Are The Trends In Current Operating Expenditures?

Estimates for current operating expenditures are more firm than estimates for total annual sources of support, because expenditures for several sub-sectors can be documented from various annual surveys. Such surveys can also be checked by referring to the census of service industries conducted by the U.S. Bureau of the Census, and to surveys on employment and wages and salaries conducted by the Bureau of Labor Statistics. By establishing the percentage of current operating expenditures used for wages and salaries in sub-sectors, such as in religion, where no regular surveys of expenditures are conducted, some estimates still can be made about significant portions of each sub-sector's operating expenditures.

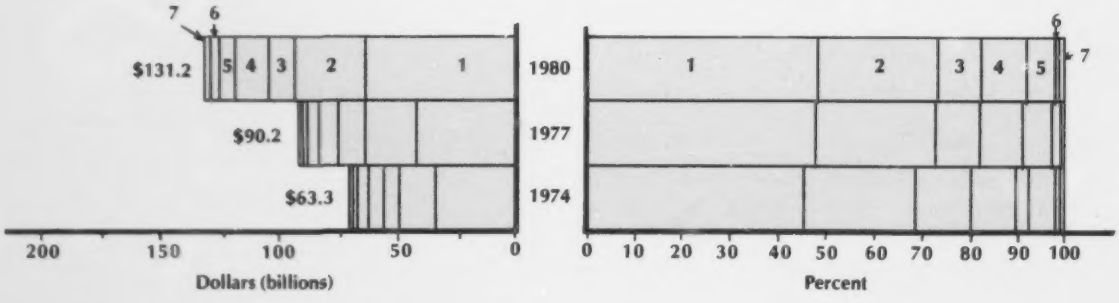
Current operating expenditures for the independent sector were $131 billion in 1980. This accounted for 88 percent of the $148 billion of current expenditures for all not-for-profit organizations. Table 3.5 provides summary detail on expenditures for other major groups of not-for-profit organizations and their share of total current operating expenditures for all not-for-profit organizations. The largest of these groups, labor unions, accounted for approximately four percent of total operating expenditures of all not-for-profit organizations in 1980, but their proportion of total expenditures had declined from five percent in 1974. The second largest group, business associations, accounted for 2.3 percent of total expenditures of all not-for-profit sector organizations in 1980. Table 3.5 puts into perspective the relative size of the independent sector in comparison to other not-for-profit organizations.

Trends in current operating expenditures from 1974 to 1980 by components within each sub-sector reveal some interesting trends, as shown in Table 3.6. Hospitals were the fastest growing component of the health services sub-sector. Current operating expenditures for the hospitals component also in-

Figure 3.0

Independent Sector: Current Operating Expenditures by Sub-Sector

1. Health services
2. Education and Research
3. Religious organizations
4. Social services
5. Civic, social, and fraternal organizations
6. Arts and Culture
7. Other (foundations, including international activities, and legal services)



Source: Table 3.6

Table 3.5

CURRENT OPERATING EXPENDITURES FOR PRIVATE NOT-FOR-PROFIT ORGANIZATIONS AND INDEPENDENT SECTOR: 1980, 1977, 1975, AND 1974
(In billions of dollars)

Sub-sector and components	1980		1977		1975		1974	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	$148.4	100.0%	$102.8	100.0%	$82.5	100.0%	$73.0	100.0%
Independent sector[1]	**131.2**	**88.4**	**90.2**	**87.7**	**71.8**	**87.0**	**63.3**	**86.7**
Other not-for-profit organizations[2]	17.2	11.6	12.6	12.3	10.7	13.0	9.7	13.3
Business associations	3.4	2.3	2.3	2.2	2.0	2.4	2.0	2.7
Professional membership organizations	1.5	1.0	1.3	1.3	0.9	1.1	0.6	0.8
Labor unions and similar organizations	5.6	3.8	4.5	4.4	4.0	4.8	3.7	5.1
Political and membership organizations, n.e.c.	1.9	1.3	1.4	1.4	1.1	1.3	1.1	1.5
Hotels and other lodging places	0.4	0.3	0.3	0.3	0.3	0.4	0.3	0.4
Membership sports and recreation clubs	2.3	1.5	1.6	1.6	1.4	1.7	1.2	1.6
Commercial research, developmental and testing laboratories	2.1	1.4	1.2	1.2	1.0	1.2	0.8	1.1

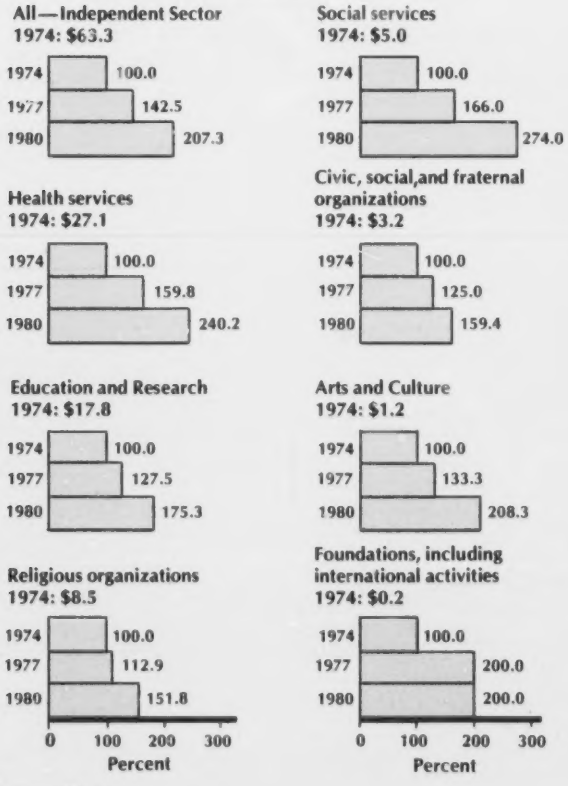
Sources: American Hospital Association; U.S. Department of Education (National Center for Education Statistics); U.S. Department of Commerce (Bureau of the Census); U.S. Department of Labor (Bureau of Labor Statistics); Rudney and Weitzman, "Significance Of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77 (Programs on Non-Profit Organizations, Yale University); and authors' estimates.

n.e.c. = not elsewhere classified

Notes to Table 3.5 on p. 77.

Figure 3.1

Independent Sector: Current Operating Expenditures Percent Change (Dollars in billions, 1974 = 100)



Source: Table 3.6

creased as a proportion of total current operating expenditures for the independent sector. The health services sub-sector represented 43 percent of total expenditures in 1974 and half of current operating expenditures in 1980. Hospitals' proportion of total current operating expenditures of the independent sector grew from nearly 39 percent in 1974 to 44 percent in 1980. The social services sub-sector also grew rapidly during this period, increasing its proportion of total current operating expenditures from nearly eight percent in 1974 to 10 percent in 1980.

On the other hand, current operating expenditures for the education and research sub-sector declined as a proportion of total expenditures for the independent sector from 28 percent to 24 percent. The largest decline during this period was for private colleges and universities, where current operating expenditures declined from 16 to 13 percent as a proportion of total operating expenditures for the independent sector.

Current operating expenditures for the religion subsector also declined as a proportion of total operating expenditures for the independent sector, from 13 percent in 1974 to under 10 percent in 1980. Although the delining proportions of current operating expenditures in both the religion and education subsectors can be explained partially by the rapid growth of the health services and social services subsectors, other trends such as a decline in their relative average wages and salaries within the independent sector, particularly in the education sub-sector, contribute to an overall proportionate decline in current operating expenditures in these sub-sectors.

Table 3.6

INDEPENDENT SECTOR: CURRENT OPERATING EXPENDITURES BY SUB-SECTOR AND COMPONENTS: 1980, 1977, 1975, AND 1974
(In billions of dollars)

Sub-sector and components	1980		1977		1975		1974	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	**$131.2**	**100.0%**	**$90.2**	**100.0%**	**$71.8**	**100.0%**	**$63.3**	**$100.0%**
Health services[1]	**65.1**	**49.6**	**43.3**	**48.0**	**32.5**	**45.3**	**27.1**	**42.8**
Nursing and personal care facilities	3.6	2.7	2.2	2.4	1.8	2.5	1.3	2.1
Hospitals	57.2	43.6	38.6	42.8	29.0	40.4	24.4	38.6
Outpatient	4.3	3.3	2.5	2.8	1.7	2.4	1.4	2.2
Education/Research	**31.2**	**23.8**	**22.7**	**25.2**	**18.9**	**26.3**	**17.8**	**28.1**
Private elementary and secondary schools[2]	11.4	8.7	8.0	8.9	6.6	9.2	6.4	10.1
Private colleges and universities[3]	17.3	13.2	12.8	14.2	10.6	14.8	9.8	15.5
Other (libraries, correspondence schools, and educational services, n.e.c.)[4]	0.9	0.7	0.8	0.9	0.7	1.0	0.7	1.1
Noncommercial educational, scientific, and research organizations[5]	1.6	1.2	1.1	1.2	1.0	1.4	0.9	1.4
Religious organizations[6]	**12.9**	**9.8**	**9.6**	**10.6**	**8.5**	**11.8**	**8.5**	**13.4**
Social services[4]	**13.7**	**10.4**	**8.3**	**9.2**	**6.6**	**9.2**	**5.0**	**7.9**
Individual and family services	2.8	2.1	1.4	1.6	—	—	0.9	1.4
Job training and related services	1.6	1.2	0.9	1.0	—	—	0.6	1.0
Child day care services	1.8	1.4	1.2	1.3	—	—	0.7	1.1
Residential care	2.8	2.1	1.9	2.1	—	—	1.1	1.7
Social services, n.e.c.	4.9	3.7	2.9	3.2	—	—	1.8	2.8
Civic, social, and fraternal organizations[4]	**5.1**	**3.9**	**4.0**	**4.4**	**3.5**	**4.9**	**3.2**	**5.1**
Arts/Culture	**2.5**	**1.9**	**1.6**	**1.8**	**1.3**	**1.6**	**1.2**	**1.9**
Radio and TV broadcasting[7]	0.7	0.5	0.5	0.6	—	—	0.3	0.5
Producers, orchestras, and entertainers[4]	1.1	0.8	0.6	0.7	—	—	0.4	0.6
Museums, botanical and zoological gardens[4]	0.7	0.5	0.5	0.6	—	—	0.5	0.8
Foundations, including international activities[2]	**0.4**	**0.3**	**0.4**	**0.4**	**0.2**	**0.3**	**0.2**	**0.3**
Legal services[4]	**0.3**	**0.2**	**0.3**	**0.3**	**0.3**	**0.4**	**0.3**	**0.4**

Sources: American Hospital Association; U.S. Department of Education (National Center for Education Statistics); U.S. Department of Commerce (Bureau of the Census); U.S. Department of Labor (Bureau of Labor Statistics); Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1972," *Working Paper 77*,(Program on Non-Profit Organizations, Yale University, 1983); and authors' estimates.

n.e.c. = not elsewhere classified

Dash = No estimate made

Notes to Table 3.6 on pp. 77-78.

What Are The Trends In Employment And Average Wages And Salaries?

In 1980, there were 90.4 million American people employed, exluding volunteer workers. Table 3.7 shows that the total private not-for-profit sector employed 6.7 million. The independent sector employed 6.2 million or 92 percent of all individuals employed by not-for-profit organizations. Wages and salaries for the independent sector grew from 89 percent in 1974 to 92 percent in 1980 of total wages and salaries for all not-for-profit organizations.

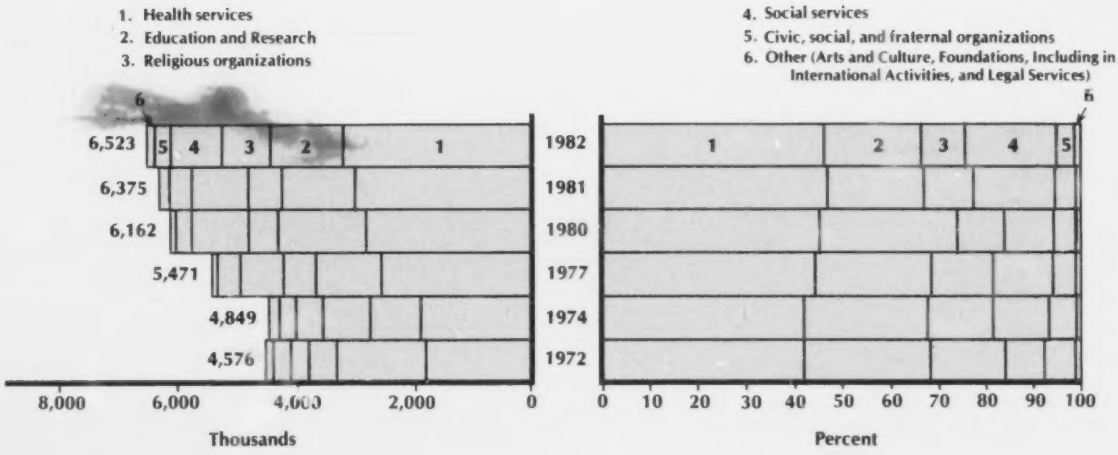
A similar trend in employment and wages from 1972 and 1982 can be seen in Table 3.8. Employment in the independent sector grew slightly as a proportion of total employment in the private not-for-profit sector over this period. Its proportion of wages and salaries also grew slightly. These tables put into perspective the relationship of the independent sector to total not-for-profit organizations, showing that the independent sector is responsible for more than 90 percent of total employment of all not-for-profit organizations.

Employment within each sub-sector varied from 1972 to 1982. Tables 3.9 and 3.10 together give details

of employment over this ten-year period. Employment in the sub-sectors of the independent sector includes doctors, nurses, social workers, faculty at colleges and universities, teachers, administrators,

Figure 3.2

Independent Sector: Employment



Source: Tables 3.9 and 3.10.

Table 3.7

ALL EMPLOYEES ON NONAGRICULTURAL PAYROLLS AND WAGES AND SALARIES: TOTAL, PRIVATE NOT-FOR-PROFIT ORGANIZATIONS AND INDEPENDENT SECTOR: 1980, 1977, AND 1974

(Annual averages (usually) for number of employees in thousands, dollars in billions; numbers may not add because of rounding)

Sub-sector and components	1980[1]				1977[2]				1974[3]			
	Employees		Wages and salaries		Employees		Wages and salaries		Employees		Wages and salaries	
	Number	Percent	Dollars	Percent	Number	Percent	Dollars	Percent	Number	Percent	Dollars	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total	90,406	—	$1,306.3	—	82,471	—	$942.9	—	78,265	—	$730.4	—
Total private not-for-profit	6,677	100.0%	70.1	100.0%	5,929	100.0%	50.9	100.0%	5,274	100.0%	34.9	100.0%
Independent sector	**6,162**	**92.3**	**63.5**	**90.6**	**5,471**	**92.3**	**46.1**	**90.6**	**4,849**	**91.9**	**31.2**	**89.4**
Other not-for-profit	516	7.7	6.6	9.4	457	7.7	4.8	9.4	423	8.0	3.7	10.6
Business associations	85	1.3	1.2	1.7	77	1.3	0.9	1.8	69	1.3	0.7	2.0
Professional membership organizations	36	0.5	0.5	0.7	31	0.5	0.4	0.8	27	0.5	0.2	0.6
Labor unions and similar organizations	150	2.3	2.1	3.0	141	2.4	1.7	3.3	140	2.7	1.4	4.0
Political and membership organizations, n.e.c.	68	1.0	0.7	1.0	62	1.1	0.5	1.0	53	1.0	0.4	1.2
Hotels and other lodging places	17	0.2	0.1	0.1	16	0.3	0.1	0.2	16	0.3	0.1	0.3
Membership sports and recreation clubs	113	1.7	1.0	1.4	94	1.6	0.7	1.4	86	1.6	0.5	1.4
Commercial research, developmental and testing laboratories	47	0.7	1.0	1.4	36	0.6	0.5	1.0	32	0.6	0.4	1.2

Sources: U.S. Department of Labor (Bureau of Labor Statistics); U.S. Department of Commerce (Bureau of the Census and Bureau of Economic Analysis); and Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77, (Program on Non-Profit Organizations, Yale University, 1983).

n.e.c. = not elsewhere classified

Dash = Not applicable

Notes to Table 3.7 on p. 78

Table 3.8

ALL EMPLOYEES ON NONAGRICULTURAL PAYROLLS AND WAGES AND SALARIES: TOTAL, PRIVATE NOT-FOR-PROFIT ORGANIZATIONS AND INDEPENDENT SECTOR: 1982, 1981, AND 1972
(Annual averages (usually) for number of employees in thousands, dollars in billions, numbers may not add because of rounding)

Sub-sector and components	1982[1]				1981[2]				1972[3]			
	Employees		Wages and salaries		Employees		Wages and salaries		Employees		Wages and salaries	
	Number	Percent	Dollars	Percent	Number	Percent	Dollars	Percent	Number	Percent	Dollars	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total	89.596	—	$1.504.9	—	91.105	—	$1.436.3	—	73.675	—	$602.9	—
Total private not-for-profit organizations	7.032	100.0%	89.4	100.0%	6.886	100.0%	79.5	100.0%	4.966	100.0%	28.2	100.0%
Independent sector	**6.523**	**92.8**	**81.7**	**91.4**	**6.375**	**92.6**	**72.3**	**90.9**	**4.576**	**92.2**	**25.3**	**89.7**
Other not-for-profit	509	7.2	7.6	8.5	511	7.4	7.2	9.1	389	7.8	2.9	10.3
Business associations	84	1.2	1.4	1.6	84	1.2	1.3	1.6	63	1.3	0.4	1.4
Professional membership organizations	36	0.5	0.6	0.7	36	0.5	0.5	0.6	25	0.5	0.2	0.7
Labor unions and similar organizations	145	2.1	2.6	2.9	145	2.1	2.3	2.9	122	2.5	1.0	3.6
Political and membership organizations, n.e.c.	65	0.9	0.8	0.9	67	1.0	0.8	1.0	46	0.9	0.3	1.1
Hotels and other lodging places	16	0.2	0.1	0.1	16	0.2	0.1	0.1	16	0.3	0.1	0.4
Membership sports and recreation clubs	114	1.6	1.1	1.2	114	1.7	1.1	1.4	86	1.7	0.5	1.8
Commercial research, developmental, and testing laboratories	49	0.7	1.0	1.1	49	0.7	1.1	1.4	31	0.8	0.4	1.4

Sources: U.S. Department of Labor (Bureau of Labor Statistics); U.S. Department of Commerce (Bureau of the Census and Bureau of Economic Analysis); and Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77, (Program on Non-Profit Organizations, Yale University, 1983).

n.e.c. = not elsewhere classified

Dash = Not applicable

Notes to Table 3.8 on p. 78.

Table 3.9

INDEPENDENT SECTOR: EMPLOYEES AND WAGES AND SALARIES BY SUB-SECTOR AND COMPONENTS: 1980, 1977, AND 1974
(Annual averages (usually) for number of employees in thousands, dollars in billions, numbers may not add because of rounding)

Sub-sector and components	1980[1]				1977[2]				1974[3]			
	Employees		Wages and salaries		Employees		Wages and salaries		Employees		Wages and salaries	
	Number	Percent	Dollars	Percent	Number	Percent	Dollars	Percent	Number	Percent	Dollars	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total	**6,162**	**100.0%**	**$63.5**	**100.0%**	**5,471**	**100.0%**	**$46.1**	**100.0%**	**4,849**	**100.0%**	**$31.2**	**100.0%**
Health services	**2,772**	**45.0**	**33.1**	**52.1**	**2,[illegible]**	**45.0**	**22.8**	**49.5**	**2,114**	**43.6**	**13.2**	**42.3**
Nursing and personal care facilities	239	3.9	1.8	2.8	206	3.8	1.2	2.6	170	3.5	0.8	2.6
Hospitals	2,366	38.4	29.1	45.8	2,121	38.8	20.3	44.0	1,859	38.3	11.7	37.5
Outpatient	166	2.7	2.2	3.5	131	2.4	1.3	2.8	86	1.8	0.7	2.2
Education/Research	**1,347**	**21.9**	**14.8**	**23.3**	**1,232**	**22.5**	**12.6**	**27.3**	**1,191**	**24.6**	**10.0**	**32.1**
Private elementary and secondary	495	8.0	4.4	6.9	428	7.8	3.2	6.9	443	9.1	2.7	8.7
Private colleges and universities	727	11.8	8.7	13.7	703	12.9	8.3	18.0	653	13.5	6.5	20.8
Other (libraries, correspondence schools, and educational services, n.e.c.)	52	0.8	0.4	0.6	49	0.9	0.4	0.9	49	1.0	0.3	1.0
Noncommercial educational, scientific, and research organizations	74	1.2	1.3	2.1	52	1.0	0.7	1.5	47	1.0	0.5	1.6
Religious organizations	**688**	**11.2**	**5.5**	**8.7**	**679**	**12.4**	**4.1**	**8.9**	**661**	**13.6**	**3.6**	**11.5**
Social services	**933**	**15.1**	**6.8**	**10.7**	**703**	**12.9**	**4.1**	**8.9**	**514**	**10.6**	**2.5**	**8.0**
Individual and family services	173	2.8	1.4	2.2	112	2.1	0.7	1.5	85	1.8	0.5	1.6
Job training and related services	187	3.0	0.9	1.4	130	2.4	0.5	1.1	96	2.0	0.3	1.0
Child day care services	170	2.8	1.1	1.7	141	2.6	0.7	1.5	99	2.0	0.4	1.3
Residential care	167	2.7	1.3	2.1	142	2.6	0.9	2.0	101	2.1	0.5	1.6
Social services, n.e.c.	236	3.8	2.1	3.3	178	3.3	1.3	2.8	133	2.7	0.8	2.6
Civic, social, and fraternal organizations	**313**	**5.1**	**1.9**	**3.0**	**305**	**5.6**	**1.5**	**3.3**	**287**	**5.9**	**1.2**	**3.9**
Arts/Culture	**78**	**1.3**	**1.0**	**1.6**	**66**	**1.2**	**0.6**	**1.3**	**56**	**1.2**	**0.5**	**1.6**
Radio and TV broadcasting	**11**	**0.2**	**0.2**	**0.3**	**10**	**0.2**	**0.1**	**0.2**	**8**	**0.2**	**0.1**	**0.3**
Producers, orchestras, and entertainers	33	0.5	0.5	0.8	27	0.5	0.3	0.7	23	0.5	0.2	0.6
Museums, botanical, and zoological gardens	34	0.6	0.3	0.5	29	0.5	0.2	0.4	25	0.5	0.2	0.6
Foundations, including international activities	20	0.3	0.2	0.3	16	0.3	0.2	0.4	15	0.3	0.1	0.3
Legal services	**12**	**0.2**	**0.2**	**0.3**	**12**	**0.2**	**0.2**	**0.4**	**12**	**0.3**	**0.1**	**0.3**

Sources: U.S. Department of Labor (Bureau of Labor Statistics); U.S. Department of Commerce (Bureau of the Census and Bureau of Economic Analysis); and Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77, Program on Non-Profit Organizations, Yale University, 1983.

n.e.c. = not elsewhere classified

Dash = not applicable

Notes to Table 3.9 on p. 78.

ministers and priests, scientists, researchers, foundation officers, and a wide array of professionals, support staff, laborers, and other workers.[3]

Although employment at hospitals remained fairly steady as a proportion of total employment between 1974 and 1980, wages and salaries as a proportion of the total for the independent sector increased from 38 to 46 percent during this period, as shown in Table 3.9. Employment at private colleges and universities declined as a proportion of total employment of the independent sector, from 13.5 percent in 1974 to less than 12 percent in 1980. Wages and salaries at private colleges and universities also declined as a proportion of total wages and salaries, from nearly 21 to14 percent. Employment in the social services sub-sector increased as a proportion of total employment, from approximately 11 percent in 1974 to 15 percent in 1980.

The trends in increases in employment for hospitals continued in 1981 and 1982, as shown in Table 3.10. For the education and research sub-sector, employment as a proportion of total employment, and wages and salaries as a percent of total wages and salaries, continued its slow decline. After a steady increase in employment from 1972 to 1980, employment in the social services sub-sector, as a proportion of total employment of the independent sector, showed a slight decline, from 15.1 percent in 1980 to 14.7 percent in 1982. Wages and salaries for this sub-sector, as

Table 3.10

INDEPENDENT SECTOR: EMPLOYEES AND WAGES AND SALARIES BY SUB-SECTOR AND COMPONENTS: 1982, 1981, AND 1972

(Annual averages (usually) for number of employees in thousands, dollars in billions; numbers may not add because of rounding)

Sub-sector and components	1982[1]				1981[2]				1972[3]			
	Employees		Wages and salaries		Employees		Wages and salaries		Employees		Wages and salaries	
	Number	Percent	Dollars	Percent	Number	Percent	Dollars	Percent	Number	Percent	Dollars	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total	6,523	100.0%	$81.7	100.0%	6,375	100.0%	$72.3	100.0%	4,576	100.0%	$25.3	100.0%
Health services	3,052	46.8	45.9	56.2	2,935	46.0	39.0	53.9	1,931	42.2	10.7	42.3
Nursing and personal care facilities	256	3.9	2.3	2.8	247	3.9	2.0	2.8	142	3.1	0.6	2.4
Hospitals	2,593	39.8	39.8	48.7	2,496	39.2	34.3	47.4	1,704	37.2	9.4	37.2
Outpatient	204	3.1	3.8	4.7	191	3.0	2.7	3.7	86	1.9	0.7	2.8
Education/Research	1,403	21.5	17.5	21.4	1,383	21.7	16.4	22.7	1,167	25.5	7.9	31.2
Private elementary and secondary	522	8.0	5.2	6.4	506	7.9	4.8	6.6	435	9.5	1.8	7.1
Private colleges and universities	753	11.5	10.3	12.6	749	11.8	9.7	13.4	637	13.9	5.3	21.0
Other (libraries, correspondence schools, and educational services, n.e.c.)	52	0.8	0.6	0.7	52	0.8	0.5	0.7	47	1.0	0.3	1.2
Noncommercial educational, scientific, and research organizations	76	1.2	1.4	1.7	76	1.2	1.4	1.9	47	1.0	0.5	2.0
Religious organizations	697	10.7	6.7	8.2	684	10.7	6.0	8.3	669	14.6	3.1	12.3
Social services	959	14.7	8.0	9.8	951	14.9	7.5	10.4	455	9.9	2.1	8.3
Individual and family services	221	3.4	2.1	2.6	190	3.0	1.7	2.4	72	1.6	0.4	1.6
Job training and related services	183	2.8	1.0	1.2	187	2.9	1.0	1.4	84	1.8	0.3	1.2
Child day care services	163	2.5	1.2	1.5	168	2.6	1.1	1.5	83	1.8	0.3	1.2
Residential care	182	2.8	1.7	2.1	179	2.8	1.5	2.1	84	1.8	0.4	1.6
Social services, n.e.c.	211	3.2	2.1	2.6	227	3.6	2.2	3.0	132	2.9	0.7	2.8
Civic, social, and fraternal organizations	302	4.6	2.1	2.6	313	4.9	2.0	2.8	278	6.1	1.0	4.0
Arts/Culture	80	1.2	1.1	1.4	80	1.3	1.0	1.4	52	1.1	0.3	1.2
Radio and TV broadcasting	12	0.2	0.2	0.2	12	0.2	0.2	0.3	7	0.2	0.1	0.4
Producers, orchestras, and entertainers	32	0.5	0.5	0.6	33	0.5	0.5	0.7	24	0.5	0.1	0.4
Museums, botanical, and zoological gardens	36	0.6	0.4	0.5	35	0.6	0.3	0.4	21	0.5	0.1	0.4
Foundations, including international activities	18	0.3	0.2	0.2	18	0.3	0.2	0.3	13	0.3	0.1	0.4
Legal services	12	0.2	0.2	0.2	12	0.2	0.2	0.3	12	0.3	0.1	0.4

Sources: U.S. Department of Labor (Bureau of Labor Statistics); U.S. Department of Commerce, (Bureau of the Census and Bureau of Economic Analysis); and Rudney and Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77, (Program on Non-Profit Organizations, Yale University, 1983).

n.e.c. = not elsewhere classified

Dash = Not applicable

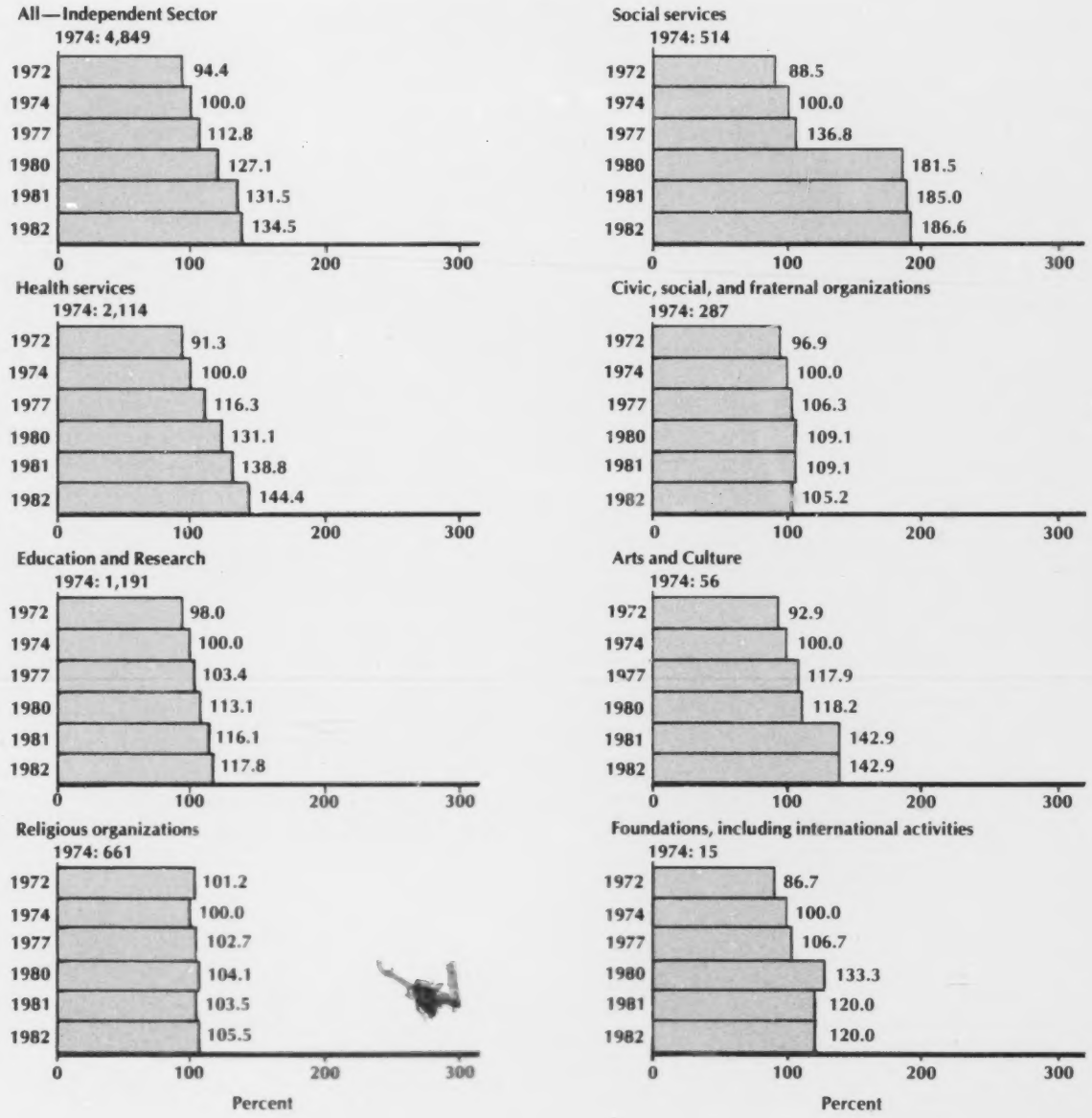
Notes to Table 3.10 on p. 78.

[3]Currently, there is no complete breakdown of employment in the independent sector by occupation. However, Gabriel Rudney and Murray Weitzman currently are extending their research on employment to include occupation categories. This research is being conducted as part of the Program on Nonprofit Organizations at Yale University.

Figure 3.3

Independent Sector: Employment
(Employment in thousands, 1974 = 100)

Percent change



Source: Tables 3.9 and 3.10

Table 3.11

PERCENT AND ANNUAL RATES OF CHANGE FOR ALL EMPLOYEES ON NONAGRICULTURAL PAYROLLS AND IN THE INDEPENDENT SECTOR, AND FOR SELECTED COMPONENTS: PERCENT CHANGE AND ANNUAL RATES OF CHANGE (ARC) FOR SELECTED PERIODS: 1982-1972

(Annual rate of change (ARC) based on compound interest calculations)

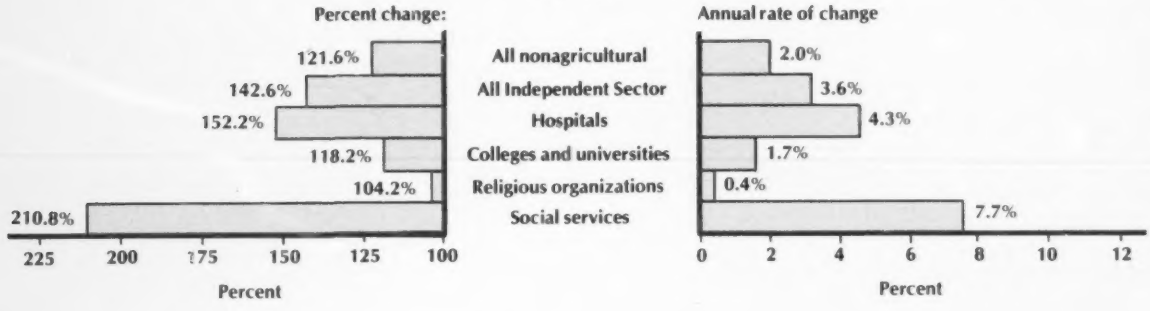
Periods	All employees on nonagricultural payrolls		Independent sector									
			ALL		Selected components							
					Hospitals		Colleges and univer.		Religous organ.		Social services	
	Percent change	ARC percent	Percent change	ARC percent	Percent change	ARC percent	Percent change	ARC percent	Percent change	ARC percent	Percent change	ARC percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
years												
1982-1972	121.6%	2.0%	142.6%	3.6%	152.2%	4.3%	118.2%	1.7%	104.2%	0.4%	210.8%	7.7%
years												
1982-1974	114.5	1.7	134.5	3.8	139.5	4.3	115.3	1.8	105.5	0.7	186.6	8.1
1980-1972	122.7	2.6	134.7	3.8	136.9	4.2	114.1	1.7	102.8	0.3	205.1	9.4
years												
1980-1974	115.6	2.4	127.1	4.1	127.3	4.1	111.3	1.8	104.1	0.7	181.5	10.4
years												
1982-1977	108.6	1.7	119.2	3.6	122.3	4.1	107.1	1.4	102.7	0.5	136.4	6.4
1977-1972	111.94	2.3	119.6	3.6	124.5	4.5	110.4	2.0	101.5	0.3	154.5	9.1
years												
1980-1977	109.6	3.1	112.6	4.0	111.6	3.7	103.4	1.1	101.3	0.4	132.7	9.9
1977-1974	105.4	1.7	112.8	4.1	114.1	4.5	107.7	2.5	102.7	0.7	136.8	11.0
years												
1982-1980	99.1	-0.9	105.9	2.9	109.6	4.7	103.6	1.8	101.3	0.7	102.8	1.4
1974-1972	106.2	3.1	106.0	2.9	109.1	4.5	102.5	1.2	99.8	-1.2	113.0	6.3

Sources: Tables 3.9 and 3.10.

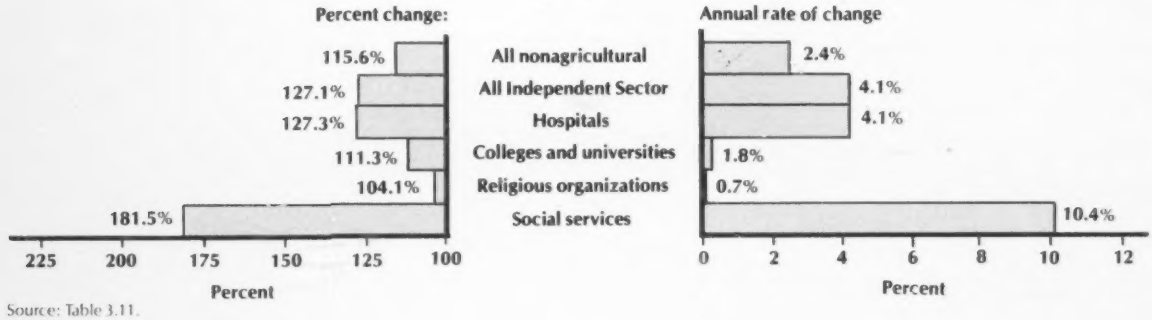
Figure 3.4

Employment Comparisons: All Nonagricultural Employees, All in Independent Sector and for Selected Components

1982-1972



1980-1974



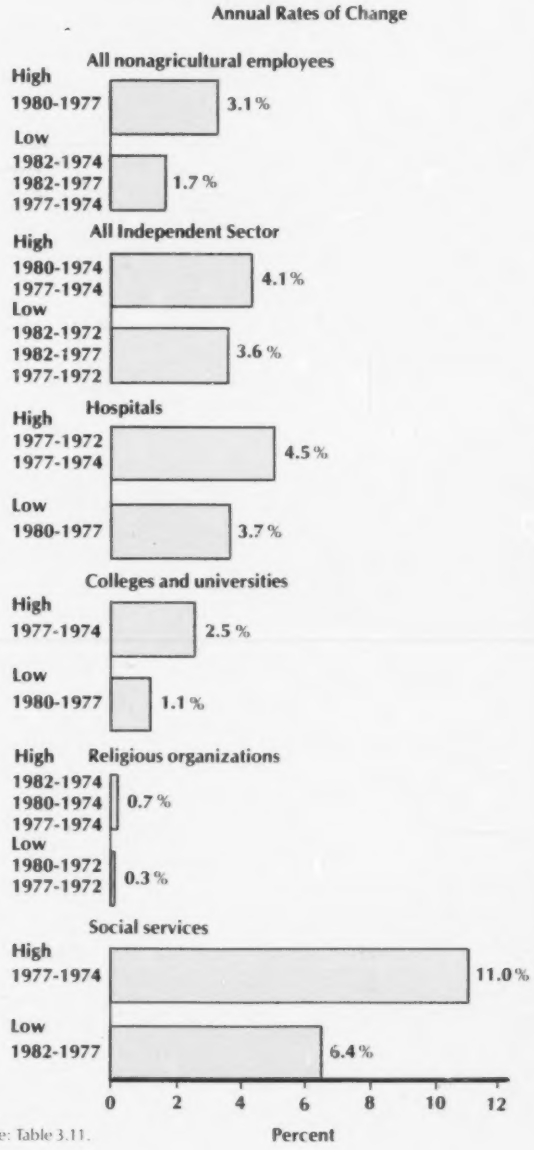
Source: Table 3.11.

a proportion of total wages and salaries, also showed a decline.

Growth in employment for all nonagricultural employees and for the independent sector and selected components from 1972 to 1982 are summarized in Table 3.11. Overall, employment grew faster in the independent sector than it did in the nonagricultural economy during this period. Average annual growth in employment for all nonagricultural employees was two percent, compared to 3.6 percent for the independent sector.

Figure 3.5

Variablility in Growth Rates in Employment for Observation Periods During 1982-1972 (Excluding two-year periods)



Source: Table 3.11.

Social services showed the highest annual rate of increase in employment during this period, averaging 7.7 percent, followed by hospitals at 4.3 percent. Employment at colleges and universities showed a far slower annual increase of 1.7 percent. During this ten-year period, religious organizations showed the slowest growth rate in employment at 0.4 percent. This table provides a perspective of the growth areas in the sector—primarily the hospitals and social services sub-sectors.

What Are The Trends In Health Services?

The health services sub-sector is primarily composed of hospitals, nursing and personal care facilities, outpatient care, and allied services. The health services sub-sector is the largest component of the independent sector, representing nearly 50 percent of total current operating expenditures and employing nearly 45 percent of the paid employees of the sector.

The American Hospital Association's annual surveys show 3,339 not-for-profit hospitals in 1980 and 3,356 in 1981. These hospitals worked at 78 percent capacity, had 706,000 beds, and admitted approximately 26 million patients in 1981. They also recorded nearly 144 million outpatient visits.

Table 3.12 shows that hospitals accounted for 88 percent of total current operating expenditures for the health services sub-sector, declining slightly from 90 percent in 1974. Expenditures for hospitals increased by 134 percent from $24.4 to $57.2 billion from 1974 to 1980. Hospitals employed 85 percent of the employees for the health services sub-sector in 1980. The number of paid employees increased by 27 percent from 1974 to 1980, and average wages and salaries increased by 96 percent from 1974 to 1980. Relative average wages and salaries for hospital personnel increased by 19 percent, from 97 percent of the average wages and salaries for the independent sector in 1974 to 119 percent in 1980.

Nursing and personal care facilities accounted for 4.8 percent of current operating expenditures of the health services sub-sector in 1974 and 5.5 percent in 1980. There were approximately 2,300 nursing care facilities in 1977, according to the most recent census of service industries for which information is available. Expenditures for the nursing and health care facilities component rose faster than hospital expenditures, up 176 percent from 1974 to 1980. The number of paid employees increased by 40 percent during this period, and average wages and salaries increased 60 percent. Average wages and salaries for this component remained steady at 73 percent of average salaries for the independent sector; however, wages and salaries fell behind during this period from 75 to 63 percent of average wages of average wages for the health services sub-sector.

The outpatient care and allied services component was the fastest growing part of the health services sub-sector, accounting for 6.6 percent of total current operating expenditures by 1980. Expendutures rose by 207 percent between 1974 and 1980. The 1977 Census of Services reported 4,200 outpatient care facilities and 2,200 other health and allied services facilities. Average wages and salaries for outpatient and allied health services personnel grew 59 percent from 1974 to 1980. This was about the same percentage increase estimated for the entire independent sector, but less than the 91 percent increase in wages and salaries for the health services sub-sector as a whole. The percentage of increase in employees in outpatient care and allied services grew fastest among the components of the health services subsector during this period, up 96 percent from 86,000 in 1974 to 166,000 in 1980.

Although it is not possible to include the assigned value of volunteer time as part of the current expenditures budget, about 25 million of the more than 80 million Americans who reported that they volunteered in the Gallup poll in 1981,[4] gave approximately 1.5 billion hours to the health services sub-sector. The value of this time is estimated at $9.3 billion.

Table 3.12

INDEPENDENT SECTOR: HEALTH SERVICES AND COMPONENTS: CURRENT OPERATING EXPENDITURES, WAGES AND SALARIES, NUMBER EMPLOYED, AND SELECTED RELATIONSHIPS: 1980, 1977, AND 1974

SIC	Components	Current operating expenditures[1]		Wages and salaries[2]			Employment[2]		Average annual wages & salaries[2]		
		Dollars (billions)	Percent	Dollars (billions)	Percent	Percent of current operating expenditures (3) divided by (1) x 100	Number (thousands)	Percent	Dollars (actual)	Independent Sector = 100	Health services = 100
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	1980										
	Independent sector	**$131.2**	—	**$63.5**	—	**48.4**	**6,162**	—	**$10,305**	**100.0**	—
80	**Health services**	**65.1**	**100.0%**	**33.1**	**100.0%**	**50.8**	**2,772**	**100.0%**	**11,940**	**115.9**	**100.0**
805	Nursing and personal care facilities	3.6	5.5	1.8	5.4	50.0	239	8.6	7,503	72.8	62.8
806	Hospitals	57.2	87.9	29.1	87.9	50.9	2,366	85.4	12,308	119.4	103.1
808.9	Outpatient care and allied services	4.3	6.6	2.2	6.7	51.2	166	6.0	13,313	129.2	111.5
	1977										
	Independent sector	**$ 90.2**	—	**$46.1**	—	**51.1**	**5,471**	—	**$ 8,426**	**100.0**	—
80	**Health services**	**43.3**	**100.0%**	**22.8**	**100.0%**	**52.7**	**2,459**	**100.0%**	**9,272**	**110.0**	**100.0**
805	Nursing and personal care facilities	2.2	5.1	1.2	5.3	54.6	206	8.4	5,821	69.1	62.8
806	Hospitals	38.6	89.1	20.3	89.0	52.6	2,121	86.3	9,588	113.8	103.4
808.9	Outpatient care and allied services	2.5	5.8	1.3	5.7	52.0	131	5.3	10,007	118.8	108.0
	1974										
	Independent sector	**$63.3**	—	**$31.2**	—	**49.3**	**4,849**	—	**$ 6,434**	**100.0**	—
80	**Health services**	**27.1**	**100.0%**	**13.2**	**100.0%**	**48.7**	**2,114**	**100.0%**	**6,244**	**97.1**	**100.0**
805	Nursing and personal care facilities	1.3	4.8	0.8	6.1	61.5	170	8.0	4,684	72.8	75.0
806	Hospitals	24.4	90.0	11.7	88.6	48.0	1,859	87.9	6,269	97.4	100.4
808.9	Outpatient care and allied services	1.4	5.2	0.7	5.3	50.0	86	4.1	8,365	130.0	134.0

Sources: American Hospital Association; U.S. Department of Commerce (Bureau of the Census); U.S. Health Care Financing Administration; Rudney and Weitzman, "Significance of Employment and Earnings in the Philanthropic Sector, 1972-1982," Working Paper 77, (Program on Non-Profit Organizations, Yale University, 1983); and authors' estimates.

Dash = Either no estimate made or not applicable.

Notes to Table 3.12 on p. 76.

[4] *Americans Volunteer 1981*, (Washington, D.C., INDEPENDENT SECTOR).

What Are The Trends In Education And Research?

Education and research as a sub-sector of the independent sector includes private elementary and secondary schools, colleges, universities, professional schools, correspondence and vocational schools,

Table 3.13

INDEPENDENT SECTOR: EDUCATION/RESEARCH AND COMPONENTS: CURRENT OPERATING EXPENDITURES, WAGES AND SALARIES, NUMBER EMPLOYED, AND SELECTED RELATIONSHIPS: 1980, 1977, AND 1974

SIC	Sub-sector and components	Current operating expenditures[1]		Wages and salaries[2]			Employment[2]		Average annual wages & salaries[2]		
		Dollars (billions)	Percent	Dollars (billions)	Percent	Percent of current operating expenditures (3) divided by (1) x 100	Number (thousands)	Percent	Dollars (actual)	Independent sector = 100	Education/ Research = 100
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	1980										
	Independent sector	**$131.2**	—	**$63.5**	—	**48.4**	**1,162**	—	**$10,305**	**100.0**	—
82/892	**Education/Reseach**	**31.2**	**100.0**	**14.8**	**100.0**	**47.4**	**1,347**	**100.0**	**10,987**	**106.6**	**100.0**
821	Private elementary and secondary schools	11.4	36.5	4.4	29.7	38.6	495	36.8	8,950	86.9	81.5
822	Private colleges and universities	17.3	55.5	8.7	58.8	50.3	727	54.0	11,951	116.0	108.8
823,4,9	Other (libraries, correspondence schools and educational services n.e.c.)	0.9	2.9	0.4	2.7	44.4	52	3.9	15,094	146.5	137.4
823	Libraries and information centers	—	—	0.1	0.7	—	13	1.0	8,664	84.1	78.9
824	Correspondence and vocational schools	—	—	0.1	0.7	—	12	0.9	10,163	98.6	92.5
829	Schools and educational services n.e.c.	—	—	0.2	1.3	—	27	2.0	8,930	86.7	81.3
892	Noncommercial educational, scientific and research organizations	1.6	5.1	1.3	8.8	81.3	74	5.5	17,011	165.1	154.8
	1977										
	Independent sector	**$90.2**	—	**$46.1**	—	**51.1**	**5,471**	—	**$8,426**	**100.0**	—
82/892	**Education/Research**	**22.7**	**100.0**	**12.6**	**100.0**	**55.5**	**1,232**	**100.0**	**10,227**	**121.4**	**100.0**
821	Private elementary and secondary schools	8.0	35.2	3.2	25.4	40.0	428	34.7	7,503	89.1	73.4
822	Private colleges and universities	12.8	56.4	8.3	65.9	64.8	703	57.1	11,775	139.8	115.1
823,4,9	Other (libraries, correspondence schools and educational services n.e.c.)	0.8	3.5	0.4	3.2	50.0	49	4.0	11,266	133.7	110.2
823	Libraries and information centers	—	—	0.1	0.8	—	10	1.1	6,932	82.3	67.8
824	Correspondence and vocational schools	—	—	0.1	0.9	—	11	0.9	8,377	99.4	81.9
829	Schools and educational services n.e.c.	—	—	0.2	1.6	—	25	2.0	7,194	85.4	70.3
892	Noncommercial educational, scientific and research organizations	1.1	4.9	0.7	5.6	63.6	52	4.2	12,938	153.6	126.5
	1974										
	Independent sector	**$63.3**	—	**$31.2**	—	**49.3**	**4,849**	—	**$ 6,434**	**100.0**	—
82/892	**Education/Research**	**17.8**	**100.0**	**10.0**	**100.0**	**56.2**	**1,191**	**100.1%**	**$ 8,396**	**130.5**	**100.0**
821	Private elementary and secondary schools	6.4	36.0	2.7	27.0	42.2	443	37.2	6,006	93.4	71.5
822	Private colleges and universities	9.8	55.1	6.5	65.0	66.3	653	54.8	10,025	155.8	119.4
823/4,9	Other (libraries, correspondence schools and educational services n.e.c.)	0.7	3.9	0.3	3.0	42.9	49	4.1	9,264	144.0	110.3
823	Libraries and information centers	—	—	0.1	1.0	—	15	1.3	6,961	108.2	82.9
824	Correspondence and vocational schools	—	—	0.1	1.0	—	12	1.0	6,791	105.6	80.9
829	Schools and educational services n.e.c.	—	—	0.1	1.0	—	21	1.8	6,266	97.4	74.6
892	Noncommercial educational, scientific and research organizations	0.9	5.1	0.5	5.0	55.6	47	4.0	10,662	165.7	127.0

Sources: U.S. National Center for Education Statistics, U.S. Department of Commerce (Bureau of the Census), U.S. National Science Foundation, Rudney and Weitzman, "Significance of Employment and Earnings in the Philanthropic Sector, 1972-1982," Working Paper 77, Program on Non-Profit Organizations, Yale University, 1983; and authors' estimates.

Dash = Either no estimate made or not applicable

n.e.c. = not elsewhere classified

Notes to Table 3.13 on p. 78

other educational services, libraries and information centers, and free-standing educational, scientific, and research organizations. In 1980, there were approximately 21,000 private elementary and secondary schools enrolling over 5 million students, and 1,587 private colleges and universities enrolling more than 2.2 million students, according to the National Center for Education Statistics. In 1977, the Census of Services survey reported approximately 800 correspondence and vocational schools, 1,900 schools providing other educational services, 1,400 libraries and information centers, and 1,900 research organizations.

Major trends for this sub-sector from 1974 to 1980 are shown in Table 3.13. Private colleges and universities accounted for 55 percent of total operating expenditures for this sub-sector in 1974. As a percent of current operating expenditures, wages and salaries declined from 66 percent in 1974 to 50 percent in 1980, reflecting a slower rate of growth in wages and salaries than in other expenditures. Total employment at independent colleges and universities increased by 11 percent from 1974 to 1980. In 1974, average wages and salaries for faculty and other personnel at private colleges and universities were 19 percent above wages and salaries for this sub-sector, and 56 percent above average wages and salaries for the independent sector as a whole. By 1980, relative average wages and salaries at these colleges and universities had declined to nine percent above average wages and salaries for this sub-sector, and 16 percent above average wages for the independent sector.

Average wages and salaries for employees at private elementary and secondary schools followed the trend of independent colleges and universities. Although average wages and salaries increased from 72 to 82 percent from 1974 to 1980 as a proportion of wages for the sub-sector (primarily due to the relative decline in wages and salaries in private higher education), averages wages and salaries for employees at private elementary and secondary schools declined from 93 percent to 87 percent of average wages and salaries for the independent sector as a whole.

Average wages and salaries for other groups in the sub-sector, including libraries, correspondence schools, and research organizations, remained fairly steady in relation to the sub-sector as a whole. Total employment in education and research increased by 27 percent from 1974 to 1980. The largest percentage increase in employment was in educational, scientific and research organizations, up 57 percent from 1974 to 1980.

In the 1981 Gallup survey on volunteering,[5] the authors estimate that nearly 3.6 million Americans gave approximately 315 million hours to the education and research sub-sector. The value of this time is estimated at $2 billion.

What Are The Trends In Social Services?

The social services sub-sector is the fourth largest sub-sector of the independent sector. This sub-sector provides major services to individuals and families; job training and related services; child day care; and residential care. It also includes fund-raising organizations such as local United Ways, and community action and development groups, social change organizations, youth self-help groups, senior citizen associations, etc.

According to the 1977 Census of Services survey, there were approximately 41,000 social services organizations, as follows: individual and family social services—12,400; job training and vocational rehabilitation services—3,400; child day care services—10,600; residential care—5,600; and other social service organizations—8,900.

Table 3.14 provides details on the major financial and employment trends for this sub-sector. Social service organizations, by nature of their function, are labor intensive, particularly in child care, job training, and individual and family service organizations, all of which devote more than half their current operating expenditures to wages and salaries. From 1974 to 1980, total employment for social services grew 81 percent from 514,000 to 933,000. The largest increase in employment occurred in individual and family service organizations, up 103 percent in 1980, and in job training and related services, up 97 percent.

[5] *Americans Volunteer 1981*, (Washington, D.C., INDEPENDENT SECTOR).

From 1974 to 1980, relative average wages and salaries for the social services sub-sector as a whole and for each of its components declined in relation to average wages and salaries for the independent sector. Average wages and salaries increased approximately 48 percent in the social services sub-sector from 1974 to 1980, while during this same period, average wages and salaries for the independent sector increased 60 percent. During this period, prices increased by 67 percent. There are no regular industry surveys by sub-sector, other than those conducted by the Census of Services. Lester Salamon of the Urban Institute is conducting a survey of not-for-profit institutions, and will develop more current information about the finances and services of the social services sub-sector, which is organized primarily to serve the poor and disadvantaged population of our nation.

The Gallup survey on volunteering in 1981[6] estimates that approximately 24.5 million Americans contributed nearly 1.4 billion hours to the social services sub-sector. The value of this time is estimated to be $9.3 billion.

Table 3.14

INDEPENDENT SECTOR: SOCIAL SERVICES AND COMPONENTS: CURRENT OPERATING EXPENDITURES, WAGES AND SALARIES, NUMBER EMPLOYED, AND SELECTED RELATIONSHIPS: 1980, 1977, AND 1974

SIC	Sub-sector and components	Current operating expenditures[1]		Wages and salaries[2]			Employment[2]		Average annual wages & salaries[2]		
		Dollars (billions)	Percent	Dollars (billions)	Percent	Percent of current operating expenditures (3) divided by (1) x 100	Number (thousands)	Percent	Dollars (actual)	Independent Sector = 100	Social services = 100
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	1980										
	Independent sector	**$131.2**	—	**$63.5**	—	**48.4%**	**6,162**	—	**$10,305**	**100.0**	—
83	**Social services**	**13.7**	**101.0**	**6.8**	**100.0%**	**49.7**	**933**	**99.9%**	**7,289**	**70.7**	**100.0**
8321	Individual and family service	2.8	20.4	1.4	20.6	51.1	173	18.5	8,141	79.0	111.7
8331	Job training and related services	1.6	11.7	0.9	13.2	58.3	187	20.0	4,960	48.1	68.1
8351	Child day care services	1.8	13.1	1.1	16.2	59.7	170	18.2	6,191	60.1	84.9
8361	Residential care	2.8	20.4	1.3	19.1	47.4	167	17.9	7,944	77.1	109.0
8399	Social services n.e.c.	4.9	35.8	2.1	30.9	42.8	236	25.3	8,819	85.6	121.0
	1977										
	Independent sector	**$90.2**	—	**$46.1**	—	**51.1%**	**5,471**	—	**$8,426**	**100.0**	—
83	**Social services**	**8.3**	**100.0%**	**4.1**	**100.0%**	**49.7**	**703**	**100.0%**	**5,835**	**69.3**	**100.0**
8321	Individual and family services	1.4	16.9	0.7	17.1	51.1	112	15.9	6,521	77.4	111.8
8331	Job training and related services	0.9	10.8	0.5	12.2	58.3	130	18.5	3,973	47.2	68.1
8351	Child day care services	1.2	14.5	0.7	17.1	59.7	141	20.1	4,947	58.7	84.8
8361	Residential care	1.9	22.9	0.9	22.0	47.4	142	20.2	6,360	75.5	109.0
8399	Social services n.e.c.	2.9	34.9	1.3	31.7	42.8	178	25.3	7,060	83.8	121.0
	1974										
	Independent sector	**$63.3**	—	**$31.2**	—	**49.3%**	**4,849**	—	**$6,434**	**100.0**	—
83	**Social services**	**5.0**	**102.0%**	**2.5**	**100.0%**	**49.7**	**514**	**100.1%**	**4,940**	**76.8**	**100.0**
8321	Individual and family service	0.9	18.0	0.5	20.0	51.1	85	16.5	5,516	85.7	111.7
8331	Job training and related services	0.6	12.0	0.3	12.0	58.3	96	18.7	3,364	52.3	68.1
8351	Child day care services	0.7	14.0	0.4	16.0	59.7	99	19.3	4,193	65.2	84.9
8361	Residential care	1.1	22.0	0.5	20.0	47.4	101	19.7	5,385	83.7	109.0
8399	Social services n.e.c.	1.8	36.0	0.8	32.0	42.8	133	25.9	5,973	92.8	120.9

Sources: U.S. Department of Commerce (Bureau of the Census); Rudney and Weitzman, "Significance of Employment and Earnings in the Philanthropic Sector, 1972-1982," Working Paper 77, Program on Non-Profit Organizations, Yale University, 1983; and authors' estimates.

Dash = Either no estimate made or not applicable.

n.e.c. = not elsewhere classified. Includes fund-raising organizations such as local United Ways, and organizations engaged in social change, neighborhood development and improvement, and other social welfare organizations.

Notes to Table 3.14 on p. 78.

[6] *Americans Volunteer 1981*, (Washington, D.C., INDEPENDENT SECTOR).

What Are The Trends In Arts And Cultural Organizations?

Arts and cultural organizations include public radio and television broadcasting organizations, non-profit theatres, symphony orchestras, operas, dance companies, museums, and botanical gardens. In 1980, there were 217 public radio stations and 290 television stations. There were 986 opera companies in 1980 and 1,019 in 1981. Symphony orchestras of all kinds numbered 1,572 in 1980, and there were several hundred non-profit theatres. In 1979, there were 2,354 non-profit museums.

Average wages and salaries for this sub-sector declined in relation to average wages and salaries for the independent sector. In 1974, average wages and salaries in the arts and culture sub-sector were estimated to be 26 percent higher than average wages and salaries for the independent sector; by 1980, wages and salaries were only 18 percent higher, as shown in Table 3.15. Entertainers also showed a slight relative decline in average wages and salaries over this period, but the greatest relative decline in average wages and salaries was for employees at museums and botanical gardens. In 1974, average wages and salaries of museum personnel were two percent above average wages and salaries for the independent sector, and 19 percent below average wages and salaries for the arts sub-sector. By 1980, average wages and salaries for museum personnel had declined to approximately 10 percent below average wages and salaries for the independent sector, and 24 percent below average wages and salaries for the arts sub-sector.

The arts and culture sub-sector also relied on volunteer time. The 1981 Gallup survey on volunteering[7] estimates that 3.6 million Americans donated more than 443 million hours at an estimated value of $2.8 billion to this sub-sector.

Table 3.15

INDEPENDENT SECTOR: ARTS/CULTURE AND COMPONENTS, INCLUDING PUBLIC TELEVISION AND RADIO: CURRENT OPERATING EXPENDITURES, WAGES AND SALARIES, NUMBER EMPLOYED, AND SELECTED RELATIONSHIPS: 1980, 1977, AND 1974

SIC	Sub-sector and Components	Current operating expenditures[1]		Wages and salaries[2]			Employment[2]		Average annual wages & salaries[2]		
		Dollars (billions)	Percent	Dollars (billions)	Percent	Percent of current operating expenditures	Number (thousands)	Percent	Dollars (actual)	Independent sector = 100	Arts/ Culture = 100
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	1980										
	Independent sector	**$131.2**	—	**$63.5**	—	**48.4**	**6,162**	—	**$10,305**	**100.0**	—
	Arts/Culture	**2.5**	**100.0%**	**1.0**	**100.0%**	**40.0**	**76**	**100.0%**	**12,162**	**118.0**	**100.0**
483	Radio & TV broadcasting	0.7	28.0	0.2	20.0	—	11	14.1	14,000	135.9	115.1
792	Producers, orchestras, and entertainers	1.1	44.0	0.5	50.0	46.9	33	42.3	14,571	141.4	119.8
84	Museums, botanical and zoological gardens	0.7	28.0	0.3	30.0	43.5	34	43.6	9,231	89.6	75.9
	1977										
	Independent sector	**90.2**	—	**46.1**	—	**51.1**	**5,471**	—	**8,426**	**100.0**	—
	Arts/Culture	**1.6**	**100.1**	**0.6**	**100.0**	**37.5**	**66**	**100.0**	**9,52**	**109.8**	**100.0**
483	Radio & TV broadcasting	0.5	31.3	0.1	16.7	—	10	15.2	12,000	142.4	129.7
792	Producers, orchestras, and entertainers	0.6	37.5	0.3	50.0	46.9	27	40.9	10,281	122.0	111.1
84	Museums, botanical and zoological gardens	0.5	31.3	0.2	33.3	43.5	29	43.9	7,370	87.5	80.0
	1974										
	Independent sector	**63.3**	—	**31.2**	—	**49.3**	**4,849**	—	**6,434**	**100.0**	—
	Arts/Culture	**1.2**	**100.0**	**0.5**	**100.0**	**41.7**	**56**	**100.0**	**8,115**	**126.1**	**100.0**
483	Radio & TV broadcasting	0.3	25.0	0.1	20.0	—	8	14.3	10,000	155.4	123.2
792	Producers, orchestras, and entertainers	0.4	33.3	0.2	40.0	46.9	23	41.1	9,103	141.5	112.2
84	Museums, botanical and zoological gardens	0.5	41.7	0.2	40.0	43.5	25	44.6	6,571	102.1	81.0

Sources: Corporation for Public Broadcasting; U.S. Department of Commerce (Bureau of the Census); Rudney and Weitzman, "Significance of Employment and Earnings in the Philanthropic Sector, 1972-1982," Working Paper 77, Program on Non-Profit Organizations, Yale University, 1983; and authors' estimates.

Dash = Either no estimate made or not applicable

Notes to Table 3.15 on p. 78

[7] *Americans Volunteer 1981*, (Washington, D.C., INDEPENDENT SECTOR).

What Are Some Significant Financial And Employment Trends By Sub-Sector?

Table 3.16 brings together the estimates shown in various individual tables and thus serves as a vehicle to sum up financial and employment trends in the independent sector.

Current operating expenditures, numbers employed, and average wages and salaries by sub-sector of the independent sector are displayed in Table 3.16. By 1980, health was not only the largest sub-sector, but had solidified that position. In 1974, current operating expenditures for the health sub-sector represented 43 percent of total expenditures of the independent sector. By 1980, it represented about half of total expenditures. This sub-sector in 1980 employed 45 percent of all employees in the independent sector. Average wages and salaries in health services also grew, from 97 percent of average wages and salaries for the independent sector in 1974 to 116 percent, or 16 percent above the average in 1980.

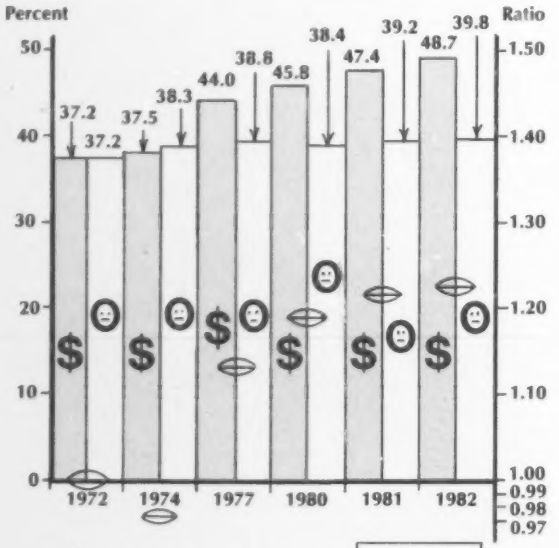
Education and research maintained its position as second largest sub-sector of the independent sector from 1974 to 1980, but its share of total expenditures declined from 28 percent in 1974 to 24 percent in 1980. Its proportion of total employment in the independent sector also declined, from nearly 25 percent in 1974 to about 22 percent in 1980. Relative average wages and salaries also declined in this sub-sector, from 31 percent above the average wages and salaries for the independent sector in 1974 to 7 percent

Figure 3.6

Hospitals in Independent Sector As:

a *percent* of total wages and salaries and employment in the sector

a *ratio* of percent of wages and salaries in hospitals to percent of corresponding employment



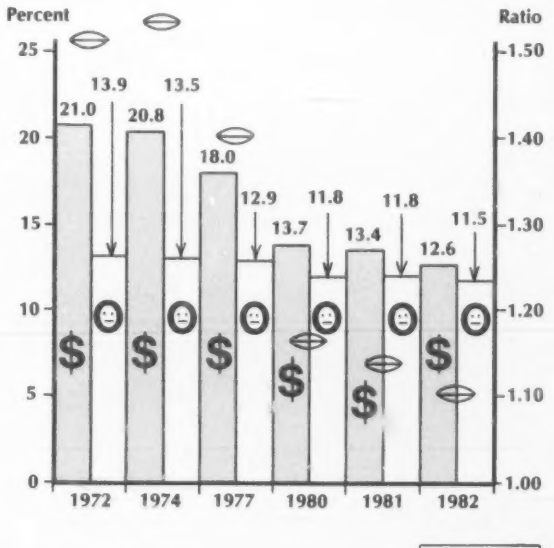
Source: Tables 3.9 and 3.10.

Figure 3.7

Colleges and Universities in Independent Sector As:

a *percent* of total wages and salaries and employment in the sector

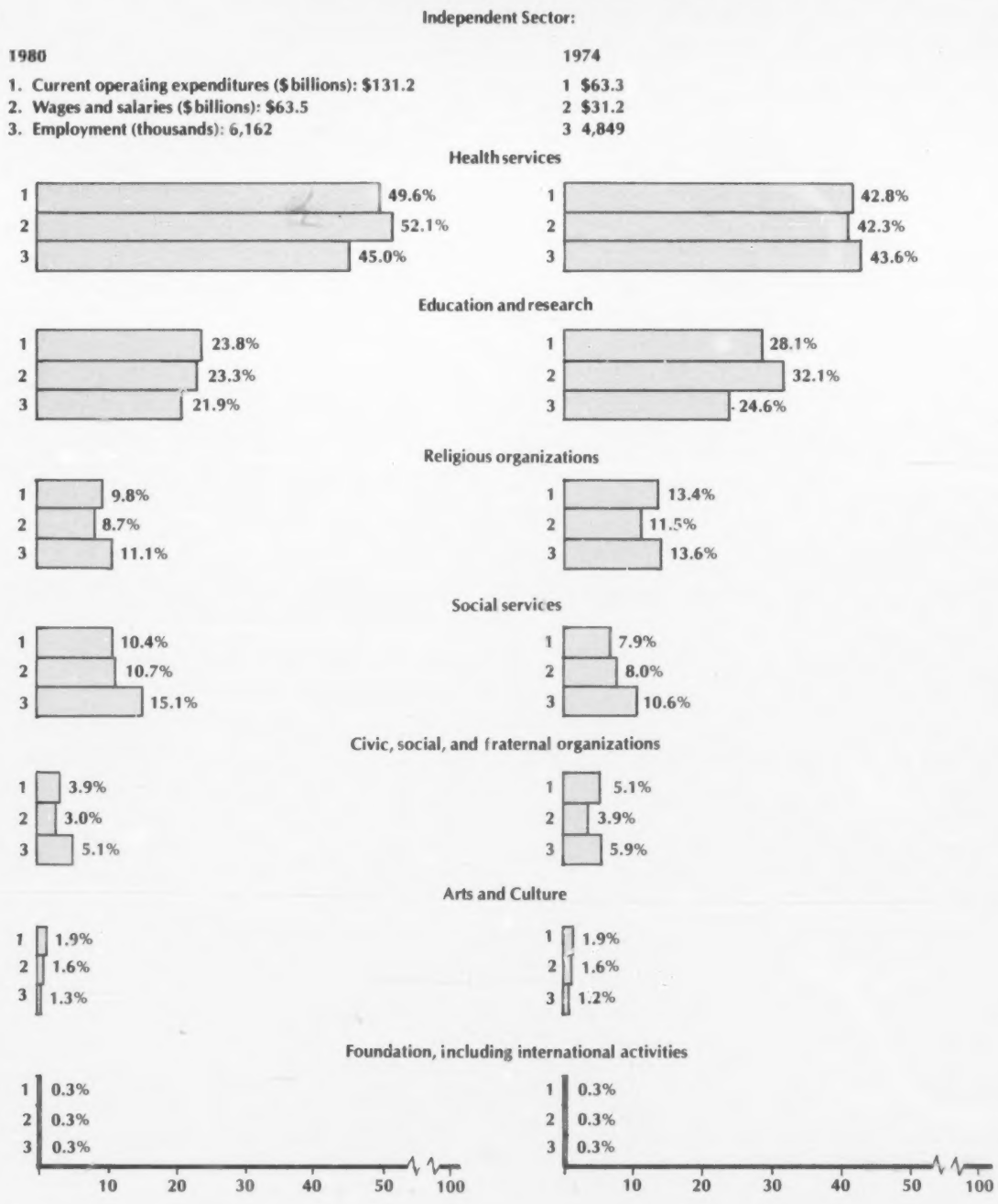
a *ratio* of percent of salaries in colleges and universities to percent of corresponding employment



Source: Tables 3.9 and 3.10

Figure 3.8

Independent Sector: Sub-Sectors as Percent of Total for Current Operating Expenditures, Wages and Salaries, and Employment



Source: Table 3.16

above the average in 1980. Wages and salaries also declined as a proportion of current operating expenditures in the education and research sub-sector, from 56 percent of current operating expenditures in 1974 to 47 percent in 1980.

Religion moved from the third to the fourth largest sub-sector in terms of current operating expenditures, from 13 percent of total operating expenditures in 1974 to less than 10 percent in 1980. Its proportion of employment to total employment dropped from nearly 14 percent to 11 percent. Relative average wages and salaries also declined from 84 percent of the average for the independent sector in 1974 to 78 percent in 1980.

Current operating expenditures for social services grew significantly from 1974 to 1980, moving it from fourth to third largest sub-sector. Its proportion of total employment also increased from 10 to 15 percent during this period. However, relative average wages and salaries for social services declined from 77 percent of the average wages for the independent sector in 1974 to 71 percent in 1980.

Separate profiles of religious institutions and international activities could not be compiled in this report, because financial information on these sub-sectors is not available. For the purposes of current operating expenditures, international activities were included under foundations. Until another national survey is conducted of the services and financial trends in major religious denominations and in international activities, further analysis of these sub-sectors is not possible. Lester Salamon is currently conducting a survey of over 2,000 individual churches as part of the Nonprofit Sector Project at the Urban Institute. Findings from this survey will be included in a future edition of this statistical profile.

Table 3.16

INDEPENDENT SECTOR: CURRENT OPERATING EXPENDITURES, WAGES AND SALARIES, NUMBER EMPLOYED, AND SELECTED RELATIONSHIPS BY SUB-SECTOR: 1980, 1977, AND 1974

Sub-sectors	Current operating expenditures		Wages and salaries			Employment		Average annual wages & salaries	
	Dollars (billions)	Percent	Dollars (billions)	Percent	Percent of current operating expenditures (3) divided by (1) x 100	Number (thousands)	Percent	Dollars (actual)	Independent sector = 100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1980									
Total	**$131.2**	**100.0**	**$63.5**	**100.0**	**48.4**	**6,162**	**100.0**	**$10,305**	**100.0**
Health services	65.1	49.6	33.1	52.1	50.8	2,772	45.0	11,940	115.9
Education/Research	31.2	23.8	14.8	23.3	47.4	1,347	21.9	10,987	106.6
Religious organizations	12.9	9.8	5.5	8.7	42.6	687	11.1	8,000	77.6
Social services	13.7	10.4	6.8	10.7	49.6	933	15.1	7,289	70.7
Civic, social, and fraternal organizations	5.1	3.9	1.9	3.0	37.3	313	5.1	5,989	58.1
Arts/Culture, including public television and radio	2.5	1.9	1.0	1.6	40.0	78	1.3	12,162	118.0
Foundations, including international activities	0.4	0.3	0.2	0.3	50.0	20	0.3	12,128	117.7
Legal services	0.3	0.2	0.2	0.3	66.0	12	0.2	15,677	152.1
1977									
Total	**$90.2**	**100.0**	**$46.1**	**100.0**	**51.1**	**5,471**	**100.0**	**$ 8,426**	**100.0**
Health services	43.3	48.0	22.8	49.5	52.7	2,459	45.0	9,272	110.0
Education/Research	22.7	25.2	12.5	27.3	55.5	1,232	22.5	10,227	121.4
Religious organizations	9.6	10.6	4.1	8.9	42.7	678	12.4	6,096	72.4
Social services	8.3	9.2	4.1	8.9	49.4	703	12.8	5,835	69.3
Civic, social, and fraternal organizations	4.0	4.4	1.5	3.3	37.5	305	5.6	4,849	57.6
Arts/Culture, including public television and radio	1.6	1.8	0.6	1.3	37.5	66	1.2	9,252	109.8
Foundations, including international activities	0.4	0.4	0.2	0.4	50.0	16	0.3	11,381	135.1
Legal services	0.3	0.3	0.2	0.4	66.0	12	0.2	12,315	146.2
1974									
Total	**$63.3**	**100.0**	**$31.2**	**100.0**	**49.3**	**4,849**	**100.0**	**$ 6,434**	**100.0**
Health services	27.1	42.8	13.2	42.3	48.7	2,114	43.6	6,244	97.1
Education/Research	17.8	28.1	10.0	32.1	56.2	1,191	24.6	8,396	130.5
Religious organizations	8.5	13.4	3.6	11.5	42.4	660	13.6	5,388	83.7
Social services	5.0	7.9	2.5	8.0	50.0	514	10.6	4,940	76.8
Civic, social, and fraternal organizations	3.2	5.1	1.2	3.9	37.5	287	5.9	4,104	63.8
Arts/Culture, including public television and radio	1.2	1.9	0.5	1.6	41.7	56	1.2	8,115	126.1
Foundations, including international activities	0.2	0.3	0.1	0.3	50.0	15	0.3	9,910	154.0
Legal services	0.3	0.5	0.1	0.3	33.0	12	0.2	10,024	155.8

Sources: See Tables 3.6, 3.9, 3.12, 3.13, 3.14, and 3.15.

AFTERWORD

A Summary Of Information Gaps That Prevent A Complete Description Of The Independent Sector

The purpose of this section is to elaborate on the major gaps in information that prevent a complete and accurate description of the independent sector of American society. The last major review of the sector was conducted by the National Commission on Private Philanthropy and Public Needs *from 1973 to 1975, and published in a five-volume* series, *Research Papers*, in 1977. This research was updated and released in 1982 in a series of "Working Papers" commissioned by INDEPENDENT SECTOR. Suffice it to say, some of the major gaps identified in 1973 still exist in 1984. The major gaps in data by subject category are as follows:

Number of Organizations

The IRS maintains an active, cumulative master file of organizations who have applied for and/or received tax-exempt status. However, by law organizations (public charities) who receive under $5,000 a year in revenues do not have to apply for tax-exempt status. Nor are churches required to apply for tax-exempt status. Estimates of the number of voluntary organizations who do not apply run from the thousands to several millions. To estimate more accurately the total number of organizations and associated activities carried on in the independent sector, it is necessary to both improve the current information base and obtain new information on segments of the sector which go uncharted. This can be accomplished in a variety of ways, including surveys, examinations of administrative records, and analytic research. The IRS Master File of Tax-Exempt Organizations is not examined on a regular basis to weed out organizations that have been terminated. Although there is a study sponsored by the Council on Foundations which partially involves reviewing IRS data on foundations, such weeding ought to be carried out on a regular basis.

Another major gap in the number of organizations exists because the IRS permits consolidated applications for some large voluntary organizations, such as the Boy Scouts or particular religious organizations. Therefore, organizations may be undercounted by several thousand voluntary organizations. Such organizations that present consolidated applications or tax forms should be identified in regular publications.

Finally, a regular survey is needed of the numbers and activities of churches in the United States. The National Council of Churches of Christ of the United States reports such information annually in its *Yearbook of Churches in the United States and Canada*, which is also published in the *Statistical Abstract of the United States*, but many denominations have not updated their information for several years. Religious institutions do not only receive contributions; they provide many nonsacramental services and donate to many voluntary organizations and educational institutions. Because they are so important to the fabric of the independent sector, surveys of voluntary organizations on a regular basis are critical to any description of this sector.

Gaps in Financial and Employment Information

One major problem that challenges anyone trying to analyze data from various sources relating to the independent sector is the absence of a classification system that defines and groups institutions by purpose. The IRS receives 990 tax forms from not-for-profit organizations who had more than $10,000 in revenue in 1981 or more than $25,000 as of 1982. Although organizations are listed by primary function, researchers currently using these files suggest that more than 30 percent may be misclassified for various reasons. The IRS has made no effort to edit these files. However, researchers and the National Center for Charitable Statistics are working to build a classification system, as well as to reclassify and update some IRS files. This continuing situation severely reduces the potential use of such files as an information resource in analyzing not-for-profit organizations.

Another major problem with the IRS Form 990 is that the IRS codes only two numbers – total revenues and total assets – for public distribution. Over 80 items of information relating to financial and program information are neither recorded or distributed. Coupled with this problem, revenues from foundations, corporate foundations, and fund-raising organizations are counted twice – once when they receive the funds and again when other not-for-profit organizations become the beneficiaries of such funds. This procedure results in gross overstatement of reported revenues for the sector. This data source could provide a valuable information base on organizations in the independent sector, but what is not recorded or reported out cannot be analyzed. If the IRS improved its classifications, updated its records, and processed the first summary page of each Form 990 (which gives details on assets, total revenues, and current operating expenditures), the inventory of information for the independent sector would be considerably enlarged. Research and analysis would benefit as well from this expanded data base.

Comprehensive information on assets of not-for-profit organizations is lacking due to the current state of IRS data. Much more study is necessary in this area, especially since total assets in 501(c)(3) organizations were reported by the IRS as $108 billion in 1975 and $176 billion for all not-for-profit organizations. However, unless the IRS codes and publishes such information, more detailed research and analysis will be impeded. Gabriel Rudney, senior fellow at the Program on Nonprofit Organizations at Yale University, is conducting research on capital formation in not-for-profit organizations which should make a substantial contribution to this area.

The Census of Service Industries is conducted every five years by the U.S. Bureau of the Census. This census includes many not-for-profit service organizations that have more than one paid employee, but excludes religious organizations and service organizations that are primarily voluntary in nature. It also excludes foundations. In the latest Census of Service Industries which took place in 1982, surveys of education and hospitals were eliminated as a result of budget cuts. Although information is collected by the National Center for Education Statistics and the American Hospital Association, whole areas of information on these sub-sectors will be lacking. Accordingly, the potential for improved information and analysis suffers since comprehensive data, based on consistent definitions of sectors and variables, questions, and methodology, cannot be assembled.

Employment information is a significant indicator in studying trends among sub-sectors and their components within the independent sector. Because most components tend to be labor intensive, costs associated with employment constitute a significant portion of current operating expenditures. It is fortunate for researchers that the U.S. Government has a strong collection program in place covering employment, wages, hours, industry of employment, occupational characteristics, etc. Availability of such data provided the opportunity for Rudney and Weitzman to create an employment series for the private not-for-profit sector. This series was a basic support in the preparation of many specific sector estimates used here. However, the employment data only contains a limited number of observations in which not-for-profit organizations are identified explicitly, as they are in the 1977 Census of Service Industries. Opportunities to remedy this deficiency are present, and the costs would be modest. The administrative program concerned with the quarterly filing of Treasury Form 941 for income withholding and social security payments is the ideal instrument through which to enrich the database.

With the enactment of the law that took effect January 1, 1984, and requires all nonprofit organizations to cover their employees under the social security program, the gaps in coverage of not-for-profit organizations in different sectors have been closed. The Treasury is thus in a position to take steps to compile accurate and complete data, as contained on Treasury Form 941, on not-for-profit organizations. This can be accomplished by matching the employer identification number carried on Form 941 and presumably on the cumulative master file of tax-exempt organizations. In addition to identifying and entering tax exempt status on the file containing Form 940 data, merging such data with annual tax returns (Form 990) could also be accomplished. Conducted on a routine basis, such contributions to information would facilitate the preparation of sector profiles, reduce the time researchers spend in trying to piece the data together, and free their efforts for other inquiries.

There is also a need for a series delineating both the number and occupations of people employed in the sector. Gabriel Rudney and Murray Weitzman, who together wrote "The Significance of Employment and Earnings In the Philanthropic Sector, 1972-1982" Working Paper 77, Program on Nonprofit Organizations, Yale University, are expanding their research to include a study of occupations. This research, coupled with a survey on the occupations of volunteers, would provide a fuller description of the activities of the independent sector and more accurate estimates of the value of volunteer time.

Gaps in Giving and Volunteering Information

In 1980, total giving plus estimates of the value of volunteer time were listed as $110.9 billion, of which $96.8 billion was attributed to the independent sector. Almost 46 percent of total support for the independent sector came from giving and volunteering. However, no regular series of information is collected on these major activities of American society. Recent Gallup Surveys on giving and volunteering indicate that 86 percent of American adults contribute money, and nearly half of all Americans volunteer their time during any given year.

The last major survey of giving and volunteering was conducted by the Michigan Survey Institute for the National Commission on Private Philanthropy and Public Needs in 1973. Two limited surveys on volunteering were conducted by the Bureau of the Census, (for the U.S. Department of Labor in 1965, and for ACTION in 1974). A few limited Gallup surveys were commissioned more recently to determine the extent of giving and volunteering; however, these surveys did not use large enough samples of the population, and the questions were limited.

It is instructive to note that recent editions of the *Statistical Abstract of the United States*, or the *Statistical Portrait of the American People*, edited by Andrew Hacker, do not report information on giving and volunteering, yet both publications reflect the social interests of our society. The lack of such important information reveals how this sector is hidden. Without the collection of such information, either by government or private institutions, a careful and accurate portrait of the independent sector and the people who participate in it cannot be drawn.

Research conducted by the Conference Board on forms of corporate assistance other than money and donations of equipment must be expanded. Corporate giving, as reported on corporate tax files and reported in the annual surveys of corporate giving by The Conference Board and the Council for Financial Aid to Education, is understated without this additional information. Furthermore, more information is necessary concerning the dollar amount of corporate contributions that is recorded as business expenses. When such information is available, more accurate estimates can be supplied of total annual corporate giving.

Need for Special Industry Studies

There are sub-sectors of the independent sector where regular data is not collected at all. One such sub-sector is religion. Another survey of the voluntary finances and services of religion, similar to that done by the National Commission of Private Philanthropy and Public Needs in 1973, is certainly needed.

More attention should be directed as well to the various components of the social services sub-sector. Research currently underway in the Nonprofit Project, directed by Lester Salamon at the Urban Institute, hopefully will fill this void.

Although surveys are conducted on museums, symphony orchestras, and not-for-profit theatres, a careful study of all arts and cultural organizations should be accomplished also.

International activities get very little attention as a sub-sector. In estimates for private contributions, this sub-sector is not categorized, and government information is sketchy. Only the Foundation Center has records of summarized grants given for philanthropy abroad. Many organizations have both foreign and domestic interests, and financial data is not published in sufficient detail to single out these programs. Since international activities are important to this nation, to major religions, and to a number of voluntary organizations, foundations, and corporations, a special survey should be conducted periodically to determine the number of organizations, their functions and finances, and the people they employ and serve.

Much of this information for all not-for-profit organizations is already collected, but not available by the federal government. Other information on religious institutions and giving and volunteering is collected seldom by either the private or public sectors. Without this information, the activities, function, and important contributions of the independent sector to American life will never be fully appreciated.

Dimensions of the Independent Sector is an attempt to profile this neglected sector. Efforts on behalf of the private and public sectors to support the collection of more information about this sector will help us build a better information base in the future.

Notes — Section One

Tables 1.1 and 1.2

General note: Notes accompany Table 1.2, which covers same data as Table 1.1, but in greater detail.

[1]Estimates are from the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, July issues (1983 and 1982) and September 1981, Table 6.3B — National Income Without Capital Adjustment by Industry. This particular set of estimates provides details that are useful for analysis of private not-for-profit organizations. Estimates of national income with the capital consumption adjustments are slightly lower than the estimates used in these tables. For example, the national income estimate with the capital consumption adjustment for 1980 is $2,116.6 billion, compared with $2,174.0 billion without capital consumption adjustment.

[2]See Table 1.3, notes 3, 4, and 6.

[3]Wage and salary estimates shown in Table 1.3, note 5, have been adjusted to incorporate estimates of supplements to wages and salaries. The adjustment factors are based on the ratios of compensation of employees to wages and salaries and are derived from estimates in *Survey of Current Business*, July issues (1983 and 1982) and September 1981, Table 1.8 — National Income by Sector, Legal Form of Organization, and Type of Income; Table 6.5 — Compensation of Employees by Industry; and Table 6.6B — Wages and Salaries by Industry. The adjustment factors are 1.0944 for 1974, 1.1060 for 1977, and 1.1113 for 1980.

[4]Business includes all sectors except private not-for-profit organizations and government. In addition to the usual industry groups, such as manufacturing and wholesale and retail trade, the business sector in this table includes private households and the rest of the world account.

Table 1.3

[1]Estimates are from U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, July issues (1983 and 1982) and September 1981, Table 6.6B — Wages and Salaries by Industry.

[2]*Survey of Current Business*, July issues (1983 and 1982) and September 1981, Table 1.11 — National Income by Type of Income. Item used for estimates is: proprietor's income with inventory valuation and capital consumption adjustments.

[3]Imputed dollar values for volunteer time are based on estimates shown in an article by Murray Weitzman, "Measuring the Number, Hours Spent and Dollar Value of Volunteer Activity of Americans," in *Working Papers* for the Spring Research Forum: Since the Filer Commission, INDEPENDENT SECTOR, May 1983, p. 270. Dollar estimates are based on the marketplace valuation of time contributed by volunteers. The 1974 estimate represents the multiplication of 7.2 billion hours of volunteer work times an average hourly rate of $4.76, provided by Harold Wolozin in *The Value of Volunteer Services in The United States*, September 1976, ACTION, pages 4 and 15. Included in this hourly figure is an estimate of fringe benefits. Average gross hourly earnings for private nonagricultural employees in 1974 were $4.24, a difference of about 12 percent (see *Economic Report of the President, 1983*, Table B-38, p. 206). The 1974 estimate should be $34.4 billion; the estimate of $34.1 billion was picked up incorrectly. The 1977 dollar estimate for volunteers represents the multiplication of the number of full-time equivalent volunteers (4,600,000) multiplied by $9,800, the approximate gross earnings in 1977 for all private non-agricultural production or nonsupervisory workers (see *Economic report of the President, 1983*, Table B-39, p. 207). The 1980 estimate of $62.7 billion is based on an estimate of 8.4 billion volunteered hours multiplied by an hourly rate of $7.46, following the procedure described for 1974 estimations.

[4]Imputations for unpaid family workers were estimated (assumed) at one half the average earnings of the self-employed. The dollar estimates used to multiply by the number of unpaid family workers were $5,946 in 1974, $6,774 in 1977, and $6,775 in 1980. The number of unpaid family workers is shown in Table 1.5.

[5]Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector: 1972-1982," Working Paper 77, Program on Non-Profit Organizations, Yale University. Wages and salaries based on detailed estimates for specific "industries" such as hospitals, colleges and universities, religious organizations, etc.

[6]The aggregate imputation estimates in note 3 above were allocated among private not-for-profit organizations and government on a basis of approximately 90 percent to the private sector and 10 percent to the government sector. Within private not-for-profit organizations, the dollar estimates for each year were distributed by the independent sectors and other not-for-profit organizations' annual shares of paid employment.

[7]Business includes wages and salaries received by all employees, except those estimated for private not-for-profit organizations and government. In addition to wages and salaries obtained from same sources as cited in note 1 above, estimates of wages and salaries contained in the Bureau of Economic Analysis' designated legal form (Households and Institutions), which approximates private not-for-profit organizations, was used for purposes of adjustment (see *Survey of Current Business*, July issues (1983 and 1982) and September 1981, Table 1.12 — National Income by Sector, Legal Form of Organization, and Type of Income). The estimates shown in the table represent minor modifications of the estimates originally obtained in order to accord with the independently derived estimates for private not-for-profit organizations based on the source cited in note 5 above. Estimates based on data for the Bureau of Economic Analysis are: $567.1 billion for 1974, $731.4 billion for 1977, and $1,025.6 billion for 1980.

Tables 1.4 and 1.5

General note: Notes accompany Table 1.5, which covers same data as Table 1.4, but in greater detail. For total employment, the attempt is to be inclusive in terms of including all persons, or their equivalents, who are actively engaged in working outside the home. They may be working for pay, as paid wage and salary workers; pay and profit, as self-employed persons; or they may not be receiving pecuniary remunerations, as in the case of volunteers and unpaid family workers, who generally work 15 hours a week or more in the family business. Persons in the military are included in the estimates of government employment. Volunteers are converted to full-time equivalent employment by dividing estimates of aggregate hours volunteered by 1,700 hours. Total employment represents a combination of estimates from various sources. It mainly encompasses data generated from the statistical collection programs of both the Department of Labor and the Department of Commerce.

[1]Employment estimates for full-time and part-time employees and self-employed persons are published annually in the July National Income Issues of the *Survey of Current Business* (Bureau of Economic Analysis), Table 6.7B — Full-Time and Part-Time Employees by Industry, and Table 6.10B — Self-Employed Persons by Industry.

[2]The number of volunteers which are distributed between all private not-for-profit organizations (independent sector and other not-for-profit organizations) and government are based on estimates derived from an article by Murray Weitzman, "Measuring the Number, Hours Spent and Dollar Value of Volunteer Activity of Americans," in *Working Papers* for the Spring Research Forum: Since the Filer Commission, INDEPENDENT SECTOR, May 1983, pp. 261-289.

[3]Estimates of unpaid family workers, which are collected in the Bureau of the Census' Current Population Survey, usually appear in the January issues of *Employment and Earnings* (Bureau of Labor Statistics). An historical series is available from the Bureau of Labor Statistics, "Labor Force Statistics Derived From the Current Population Survey: A Data Book, Volume 1," *Bulletin 2096*, September 1982, pp. 384-385.

[4]Annual estimates of private not-for-profit paid employees are based on detailed estimates of specific "industries," such as hospitals, colleges and universities, religious organizations, etc., and then aggregated to obtain yearly totals. These estimates were prepared in connection with a study commissioned by Yale University, Program on Non-Profit Organizations, and appear in Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector: 1972-1982," Working Paper No. 77, Program on Non-Profit Organizations, Yale University, 1983.

Table 1.6

[1]The Internal Revenue Service (IRS), under the Internal Revenue Code, has the authority to determine the tax-exempt status of organizations. In this capacity, IRS reviews applications from organizations for tax-exempt status and maintains an Exempt Organizations' Master File. Although some religious organizations petition for tax-exempt status and are included in the Master File, religious organizations are exempt by statute and need not file. There are some 50,000 religious entities on the Treasury master file. Although this may be a source of duplication between entity types, the total number of religious entities other than churches remains unknown and may exceed the 50,000 religious entities included in the Treasury file. If this is the case, then the number of active entities among tax-exempt organizations would be understated.

ORGANIZATIONS EXEMPT FROM FEDERAL INCOME TAX
1982, 1980, 1977, and 1974[1]

Tax Code Number	Type of Organization	1982	1980	1977
501(c)(1)	Corporations organized under Act of Congress	24	42	1,072
501(c)(2)	Titleholding corporations	5,522	5,358	5,223
501(c)(3)	Religious, charitable, etc	322,826	319,842	276,455
501(c)(4)	Social welfare	131,578	129,553	129,496
501(c)(5)	Labor, agriculture organizations	86,322	85,774	87,656
501(c)(6)	Business leagues	51,065	48,717	44,100
501(c)(7)	Social and recreation clubs	54,036	51,922	50,031
501(c)(8)	Fraternal beneficiary societies	116,549	137,449	141,138
501(c)(9)	Voluntary employees' beneficiary societies	8,703	7,738	6,486
501(c)(10)	Domestic fraternal beneficiary societies	18,570	16,178	12,410
501(c)(11)	Teachers retirement fund	13	12	13
501(c)(12)	Benevolent life insurance associations	5,071	4,945	4,801
501(c)(13)	Cemetery companies	6,290	5,947	5,264
501(c)(14)	Credit unions	6,074	5,639	5,074
501(c)(15)	Mutual insurance companies	1,073	1,140	1,450
501(c)(16)	Corporations to finance crop operation	22	22	31
501(c)(17)	Supplemental unemployment benefit trusts	784	806	800
501(c)(18)	Employee funded pension trusts	3	4	4
501(c)(19)	War veterans' organizations	23,851	22,247	14,305
501(c)(20)	Legal service organizations	90	46	—
501(c)(21)	Black lung trusts	9	—	—
501(d)	Religious and Apostolic organizations	68	67	63
501(e)	Cooperative hospital service organizations	106	—	—
501(f)	Cooperative service organizations of operating education organizations	—	—	—
521	Farmers' cooperatives	2,791	2,985	3,794
	Total	841,440	846,433	789,666

[1]For 1974, the estimated total is 673,000.

Source: U.S. Department of the Treasury, Internal Revenue Service, Exempt Organizations Master File.

These organizations are considered active for the IRS tax-exempt file; however, since the file is cumulative, many organizations that have gone out of business are not taken off the list. There also are many other organizations who qualify for tax-exempt status that have not yet applied or who are waiting approval.

Furthermore, IRS regional offices conduct programs to weed out inactive tax-exempt organizations from its Master File. Based on this program and after consultation with IRS officials, Nelson Rosenbaum and Bruce Smith conclude in their forthcoming report, *The State of the Voluntary Sector*, that for 1982 an estimate of 787,000 active tax-exempt organizations is more accurate than the 841,000 presented in the annual report of the Commissioner of Internal Revenue.

Type of tax-exempt organization refers to its definition under the Internal Revenue Code for tax-exempt status of organizations. The descriptions of the 25 kinds of tax-exempt organizations are set forth below:

501(c)(1) – Corporations originated under Act of Congress, including Federal Credit Unions. These are considered instrumentalities of the U.S.

501(c)(2) – Title-holding corporation for an exempt organization.

501(c)(3) – Religious, educational, charitable, scientific, literary organizations, and those testing for public safety, fostering certain national or international sports competitions, or prevention of cruelty to children or animals. Includes private foundations.

501(c)(4) – Civic leagues, social welfare organizations, local associations of employees. These are organizations promoting community welfare, charitable, educational, or recreational activities.

501(c)(5) – Labor, agricultural, horticultural organizations. These are educational or instructive groups whose purposes include improving conditions of work, products and efficiency.

501(c)(6) – Business leagues, chambers of commerce, real estate boards, etc., formed to improve business conditions in one or more lines of business.

501(c)(7) – Social and recreational clubs which provide pleasure, recreation and social activities.

501(c)(8) – Fraternal beneficiary societies and associations, with lodges providing for payment of life, sickness, accident or other benefits to members.

501(c)(9) – Voluntary employees' beneficiary associations (including federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10)), providing payment of life, sickness, accident or other benefits to members.

501(c)(10) – Domestic fraternal societies and associations – lodges devoting their net earnings to charitable, fraternal, and other specified purposes. No life, sickness, or accident benefits to members.

501(c)(11) – Teachers' retirement fund associations.

501(c)(12) – Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, etc. These are groups with activities similar to those implied by the descriptions of class of organization beneficial to members.

501(c)(13) – Cemetery companies, providing burials and incidental activities for members.

501(c)(14) – State-chartered credit unions, mutual reserve funds, offering loans to members. (Exemption for building and loan associations and cooperative banks repealed by Revenue Act of 1951, affecting all years thereafter.)

501(c)(15) – Mutual insurance companies or associations, providing insurance to members substantially at cost (limited to organizations with gross income of $150,000 or less).

501(c)(16) – Cooperative organizations to finance crop operations, in conjunction with activities of a marketing or purchasing association.

501(c)(17) – Supplemental unemployment benefit trusts, providing payments of supplemental unemployment compensation benefits.

501(c)(18) – Employee-funded pension trusts, providing benefits under a pension plan funded by employees, created before June 25, 1959.

501(c)(19) – Post or organization of war veterans.

501(c)(20) – Trusts for prepaid group legal services, as part of a qualified group legal service plan or plans. Applicable to taxable years beginning after December 31, 1977.

501(c)(21) – Black lung trusts, satisfying claims for compensation under Black Lung Acts.

501(d)) – Religious and apostolic associations, conducting business activities for communal religious communities.

501(e) – Cooperative hospital service organizations.

501(f) – Cooperative service organizations of operating educational organizations, providing investment services.

521 – Farmers' cooperative associations, doing marketing and purchasing for agricultural producers.

[2]The number of churches reported represents the latest information available from religious bodies with memberships of 50,000 or more; it includes groups giving no data. Data in italics are "noncurrent," i.e., they are reported for 1979 or earlier. All other data are "current" and were reported in 1980 or 1981. The estimate of the size of the Jewish community is derived from the *American Jewish Yearbook*. Following are the reported number of churches by denomination:

Table 1.7

[1]Sources for these estimates are described in Table 1.6.

[2]Business estimates, including those for agriculture, forestry and fisheries, and services ("other") represent the number of unaudited business tax returns filed by proprietorships, partnerships, and corporations for accounting periods ending between July 1 of year indicated and June 30 of the following year. Specific estimates used in this table appear in various isues of the U.S. Bureau of the Census, *Statistical Abstract of the United States*. The 1977 estimates, for example, are in the 1981 edition, Table 899, p. 535. The 1980 estimate for business will be published in the 1984 edition of the *Statistical Abstract*. The services "other" category covers private not-for-profit entities engaged in a wide spectrum of service activities. Among them are many kinds of personal and business services, such as automotive repair, health, and educational services, etc. A comprehensive description of these services is shown in the *Standard Industrial Classification Manual (SIC), 1972*, as Division I–Services, pp. 295-334.

[3]Estimates of number of farms are from U.S. Department of Agriculture, Statistical Reporting Service. The estimate for 1974 represents the number of farms in 1975 in order to retain comparability with the farm estimates for 1977 and 1980. This permits all three estimates to be based on the 1974 farm definition, since there is no estimate of farms for 1974 based on the 1974 definition; see the *Statistical Abstract of the United States, 1982-1983*, Table 1140, p. 652. The estimates for forestry and fish-

NUMBER OF CHURCHES – REPORTED 1980-1981[1]

RELIGIOUS BODY	Year	Churches reported
Total	(x)	336,281
Bodies with membership of 50,000 or more	(x)	322,485
Current data	(x)	247,407
Noncurrent data	(x)	*75,078*
African Methodist Episcopal Church	1980	6,000
African Methodist Episcopal Zion Church	1980	6,020
American Baptist Association	1981	5,000
American Baptist Churches in the U.S.A.	*1979*	*5,814*
American Carpatho-Russian Orthodox Greek Catholic Church	*1976*	*70*
American Lutheran Church, The	1980	4,864
Antiochian Orthodox Christian Archdiocese of North America, The	*1977*	*110*
Apostolic Overcoming Holy Church of God	*1956*	*300*
Armenian Apostolic Church of America	*1972*	*29*
Armenian Church of America, Diocese of the (incl. Diocese of California)	*1979*	*66*
Assemblies of God	1980	9,773
Baptist General Conference	1980	779
Baptist Missionary Association of America	1980	1,415
Buddhist Churches of America	*1975*	*60*
Bulgarian Eastern Orthodox Church (Diocese of N. and S. America and Australia)	*1971*	*13*
Christian and Missionary Alliance	1980	1,382
Christian Church (Disciples of Christ)	1980	4,295
Christian Churches and Churches of Christ	1981	5,605
Christian Congregation, Inc., The	1980	1,266
Christian Methodist Episcopal Church	1981	2,883
Christian Reformed Church in North America	1980	626
Church of God, The	*1978*	*2,035*
Church of God (Anderson, Ind.)	1980	2,271
Church of God (Cleveland, Tenn.)	1980	5,178
Church of God in Christ, The	*1985*	*4,500*
Church of God in Christ, International, The	*1971*	*1,041*
Church of God of Prophecy, The	1961	1,977
Church of Jesus Christ of Latter-day Saints, The	1980	7,369
Church of the Brethren	1980	1,063
Church of the Nazarene	1980	4,853
Churches of Christ	*1979*	*12,700*
Community Churches, National Council of	*1979*	*185*
Congregational Christian Churches, National Association of	1981	443
Conservative Baptist Association of America	1980	1,126
Coptic Orthodox Church	1980	25
Cumberland Presbyterian church	1980	857
Episcopal Church, The	1980	7,215
Evangelical Covenant Church of America	1980	539
Evangelical Free Church of America	*1979*	*732*
Evangelical Lutheran Churches, The Association of	1980	268
Free Methodist Church of North America	*1979*	*1,013*
Free Will Baptists	1980	2,452
Friends United Meeting	1980	530
Full Gospel Fellowship of Churches and Ministers, International	1980	394
General Association of Regular Baptist Churches	1961	1,571
General Baptist (General Association of)	1980	894
Greek Orthodox Archdiocese of North and South America	*1977*	*535*
Independent Fundamental Churches of America	1980	1,019
International Church of the Foursquare Gospel	*1963*	*714*
Jehova's Witnesses	1980	7,515
Jews[2]	1980	3,500
Lutheran Church in America	1980	5,800
Lutheran Church—Missouri Synod, The	1980	5,694
Mennonite Church	1980	1,140
National Baptist Convention of America	*1956*	*11,398*
National Baptist Convention, U.S.A., Inc.	*1958*	*26,000*
National Primitive Baptist Convention, Inc.	*1975*	*606*
North American Old Roman Catholic Church	1980	535
Old Order Amish Church	1980	535
Orthodox Church in America	*1978*	*440*
Pentecostal Church of God	1980	1,147
Pentecostal Holiness Church	*1977*	*2,340*
Plymouth Brethren	1980	1,100
Polish National Catholic Church of America	*1960*	*162*
Presbyterian Church in America	1980	487
Presbyterian Church in the U.S.	1980	4,159
Primitive Baptists	*1960*	*1,000*
Progressive National Baptist Convention, Inc.	*1967*	*655*
Reformed Church in America	1980	902
Reorganized Church of Jesus Christ of Latter-day Saints	1980	1,056
Roman Catholic Church, The	1980	24,188
Russian Orthodox Church in the U.S.A., Patriarchal Parishes of the	*1975*	*41*
Russian Orthodox Church Outside Russia, The	*1955*	*81*
Salvation Army, The	1980	1,056
Serbian Eastern Orthodox Church for the U.S.A. and Canada	*1967*	*52*
Seventh-day Adventists	1980	3,730
Southern Baptist Convention	1980	35,778
Triumph the Church and Kingdom of God in Christ (international)	*1972*	*475*
Ukrainian Orthodox Church in the U.S.A.	*1966*	*107*
Unitarian Universalist Association	*1979*	*968*
United Church of Christ	1980	6,642
United Free Will Baptist Church	*1952*	*836*
United Methodist Church, The	1980	38,444
United Pentecostal Church, International	1980	2,829
United Presbyterian Church in the U.S.A., The	1980	8,770
Wesleyan Church, The	1980	1,710
Wisconsin Evangelical Lutheran Synod	1980	1,139
Bodies with Membership of less than 50,000	(x)	13,796

Source: U.S. Department of Commerce (Bureau of the Census), *Statistical Abstract of the United States 1982-83* (103rd edition) (Washington, D.C., 1982), pp. 54-55.

N.A. = Not available. X = Not applicable.

eries represent the difference (residual) between agriculture, forestry and fisheries, and farms.

[4]Government estimates are from the Census of Governments conducted every five years by the Bureau of the Census. The 1974 and 1977 estimates are from the 1972 and 1977 censuses. Those for 1980 represent the estimates contained in the 1982 Census of Governments (see the *Statistical Abstract of the United States: 1982-1983*, Table 461, p. 273).

Table 1.8

[1]Expenditures are based on estimates of compensation of employees in the Bureau of Economic Analysis category, (Households and) Institutions, which approximates all private not-for-profit organizations. For estimation purposes, compensation of employees was estimated at 55 percent of all expenses. This is consistent with the estimate employed by Professor Dale L. Hiestand in his research paper, "Recent Trends in the Not-For-Profit Sector," p. 334, in *Research Papers*, Volume I, 1977, sponsored by the Commission on Private Philanthropy and Public Needs. In the 1977 Census of Service Industries, "Tax-Exempt Service Organizations," total payroll for tax-exempt service organizations was $41.7 billion and expenses $85.4 billion. To estimate compensation, the supplements to wages and salaries (retirement contributions by employers, health insurance, life insurance, workmen's compensation, unemployment insurance, etc.) were estimated by applying the ratio of compensation to wages and salaries of 1.1060 from the Bureau of Economic Analysis data; see note 3 to Tables 1.1 and 1.2. The addition of $4.6 billion to wages and salaries resulted in a compensation estimate for the tax-exempt organizations of $46.1 billion. This latter estimate, divided by total expenses of $85.4 billion, is 54 percent. For an excellent summary table of tax-exempt service organizations showing payrolls as percent of expenses, see the *Statistical Abstract of the United States, 1980*, Table 1519 Tax-Exempt Service Industries – Summary 1977, p. 854. Estimates of compensation of employees in not-for-profit institutions in current and constant dollars

are published in the *Survey of Current Business*, July issues (1983 and 1982) and September 1981, Table 1.5 – Gross National Product by Sector, and Table 1.6 – Gross National Product by Sector in Constant Dollars.

[2]Mid-year population of the United States, including Armed Forces overseas; estimates are from the Bureau of the Census and are published annually in the *Economic Report of the President*. See 1983 report, Table B-24, p. 191.

Table 1.9

[1]Total expenditures and population estimates are from Table 1.8.

[2]Imputed dollar values for time contributed by volunteers to all private not-for-profit organizations are from Table 1.3.

Table 1.10

[1]U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, July 1983, Table 8.2 – Selected Per Capita Income and Product Series in Current and Constant Dollars and Population of the United States, p. 93.

[2]See Table 1.8.

Notes – Section Two

Table 2.0

[1]American Association of Fund-Raising Counsel, Inc., *Giving USA, 1983 Annual Report* (copyright), p. 35.

[2]Expenditures are based on estimates of compensation of employees in the Bureau of Economic Analysis category of (Households and) Institutions which approximates the private not-for-profit sector. For estimation purposes, compensation of employees was estimated at 55 percent of all expenses. This is consistent with the estimate employed by Professor Dale L. Hiestand in his research paper, "Recent Trends in the Not-For-Profit Sector," p. 334, in *Research Papers*, sponsored by the Commission on Philanthropy and Public Needs, Volume I, 1977. In the 1977 Census of Service Industries, "Tax-Exempt Service Organizations," tax-exempt service organization payroll for the entire year was $41.7 billion and expenses were $85.4 billion. To estimate compensation, the supplements to wages and salaries (retirement contributions by employers, health insurance, life insurance, workmen's compensation, unemployment insurance, etc.) were estimated by applying the ratio of compensation to wages and salaries of 1.1060 from the Bureau of Economic Analysis data, see note 3 to Table 1.2. The addition of $4.6 billion to wages and salaries resulted in a compensation estimate for the tax-exempt organizations of $46.1 billion. This latter estimate, divided by total expenses of $85.4 billion, is 54 percent. For an excellent summary table of tax-exempt service organizations showing payrolls as percent of expenses, see *U.S. Statistical Abstract, 1980*, Table 1519 – Tax-Exempt Service Industries – Summary 1977, p. 854. Estimates of compensation of employees in non-profit institutions in current and constant dollars are published in the *Survey of Current Business*, July issues (1983 and 1982) and September 1981, Table 1.5 – Gross National Product by Sector, and Table 1.6 – Gross National Product by Sector in Constant Dollars.

[3]U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, July issues (1983 and 1981), Table 1.7. National income estimates used here include capital consumption adjustments and are slightly lower than the estimates used in Table 1.2 that do not include capital consumption adjustments. See note 1 accompanying notes to Table 1.2.

[4]Mid-year population of the United States, including Armed Forces overseas. Estimates are from the Bureau of the Census and are published annually in the *Economic Report of the President*. See 1983 report, Table B-24, p. 191.

[5]*Survey of Current Business*, July issues (1983 and 1981), Table 7.4. Implicit price deflators (1972 = 100) are not available for non-profit institutions for the years 1955 through 1957. The implicit price deflator is assumed to be 1.4 less than the corresponding index for households and institutions.

Table 2.1

[1]American Association of Fund-Raising Counsel, Inc., *Giving USA, 1983 Annual Report* (copyright), p. 36.

[2]Per capita contributions by individuals based on estimates in Table 2.0, columns (7) and (8), multiplied by the annual percentages for contributions made by individuals in Table 2.1.

Table 2.2

[1]James N. Morgan, Richard F. Dye, Judith H. Hybels, "Results From Two National Surveys of Philanthropic Activity," Table A-11-7, page 243, in *Research Papers*. Sponsored by the Commission on Private Philanthropy and Public Needs, Volume I, 1977.

[2]U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Series P-60, No. 137, *Money Income of Households, Families and Persons in the United States: 1981*, Table 2, page 6.

[3]Same source as footnote 2 above, Series P-60, No. 137, Table A-1, page 212.

Table 2.3

[1]Estimates derived from The Gallup Organization, Inc., *Survey of the Public's Recollection of 1981 Charitable Donations*, conducted for The Council for Financial Aid to Education; and U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 137, *Money Income of Households, Families and Persons in the United States: 1981*. From Gallup, mean donations by income class interval were multiplied by the estimated number of households in each income class interval. The resultant dollar estimates were summed, and the individual estimates were divided by the total estimate to obtain percent distributions of charitable donations by income class interval. In the Gallup document, mean charitable donations are on page 5; in the Census document, the percent distribution of households by income class interval are contained in Table 2, page 6.

[2]The Bureau of the Census estimate of the number of households, 83,527,000, is as of March 1982, the month in which the Bureau collects detailed information on household income from its monthly Current Population Survey. The Gallup Organization conducted its survey on charitable donations in April 1982. The number used in Table 2.3, 83,600,000, represents an approximation of the number of households as of April 1982.

[3]The U.S. Bureau of the Census, P-60, No. 137, Table 3, page 7.

[4]The U.S. Bureau of the Census, P-60, No. 137, Table 2, page 6.

Table 2.4

[1]The Gallup Organization, Inc., *Survey of the Public's Recollection of 1981 Charitable Donations*, June 1982. The estimates are contained in various detailed tables that elaborate on the characteristics of givers.

[2]The Gallup Organization, Inc., *Survey of the Public's Recollection of 1981 Charitable Donations*, July 1979. The estimates are contained in various detailed tables that elaborate on the characteristics of givers.

Table 2.5

[1]The Gallup Organization, Inc., *Americans Volunteer, 1981*, June 1981, page 15.

[2]ACTION, *Americans Volunteer, 1974, 1975*, Table 1, page 24 and Table 11, page 28.

[3]Civilian noninstitutional population 18 years and older living in the United States.

[4]Civilian noninstitution population 14 years and older living in the United States.

Table 2.7

[1]Estimates are derived by The Foundation Center from the Internal Revenue Service's computer files on Tax Forms 990-AR and 990-PF, filed by organizations classified as private foundations by the IRS. The Foundation Center adjusts the IRS file for private foundations which did not award grants in the year of record and adds to the database information on community foundations. Estimates of The Foundation Center on number of foundations, grants made, grants received, and assets are is-

sued in its publication series, *National Data Book*, and *The Foundation Grants Index* (copyright).

Table 2.8

[1]The Foundation Center, *National Data Book, 7th Edition* (copyright), page IX.

Table 2.10

[1]The Foundation Center, *Foundation Directory*, 1983 (copyright), Table 1 page IX. Fiscal information for 1981 was provided by 61.6 percent of the foundations; 11.5 percent was represented by 1980 fiscal information. Information for fiscal 1982 was provided y 26.7 percent while 0.2 percent of foundations are represented by fiscal information for 1983

Table 2.11

[1]The Foundation Center, *Foundation Directory*, 9th Edition, 1983 (copyright), Table 4, page XV.

Table 2.12

[1]Most estimates shown in Table 2.6 are based on Internal Revenue Service data and can be found in The Council for Financial Aid to Education publication prepared by Hayden W. Smith, *A Profile of Corporate Contributions* (see Table 1, page 8; Table 2, page 9; and Table 5, page 12). The assets figure in column (2) of this table is contained in the U.S. Bureau of the Census, *Statistical Abstract of the United States: 1982-1983*, Table 900, page 536.

Table 2.13

[1]The Council for Financial Aid to Education, Hayden W. Smith, *A Profile of Corporate Contributions*, Table 9a, page 18.

[2]Contributions are as shown in Table 9a. Total adds to $1,768,825,000, a difference of $2,998,000 from that given in the table.

Tables 2.15 and 2.16

General note: Note 1 accompanies Table 2.16. Total sources of support represents a composite of specific estimates made from different sources and are based on a variety of estimating procedures. With the exception of private contributions, largely estimated from the publication of the American Association of Fund-Raising Counsel, Inc., *Giving USA*, most of the data here represents estimates by source of support prepared for various individual sub-sectors included in the independent sector and aggregated to the estimates presented in this table.

[1]Assigned dollar values for volunteers working in the independent sector are based on estimates shown in an article in INDEPENDENT SECTOR, *Working Papers* for Spring Research Forum: Since the Filer Commission, May, 1983, by Murray S. Weitzman, "Measuring the Number, Hours Spent and Dollar Value of Volunteer Activity of Americans," p. 270. Also see notes 3 and 6 to Table 1.3.

Tables 2.17 and 2.18

General note: Total use of funds represents a composite of specific estimates for individual sub-sectors of the independent sector and the constraint that total source of support estimates in Table 2.15 and 2.16 equals total use of resources. Current operating expenditures are generally based on either specific estimates for individual sub-sectors or are derived by applying to individual year estimates of wages and salaries the annual wages and salaries as a percentage of expenses for 1977, as shown in the U.S. Bureau of the Census, *1977 Census of Service Industries, Miscellaneous Subjects, Subject Series SC 77-S-9*, Table 3, page 9-9. Under current operating expenditures, "other" represents the difference between current operating expenditures and the estimates for paid personnel. "Construction and capital improvements" is based largely on assumptions for various sub-sectors (see notes to Tables 3.3 and 3.4). "Other including change in holding of funds" represents the difference between total source of funds and estimates for current operating expenditures and construction and other capital improvements.

[1]Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philantropic Sector, 1972-1982," Working Paper 77, Program on Non-Profit Organizations, Yale University, 1983. Wages and salaries based on detailed estimates for specific sub-sectors of the independent sector, such as private not-for-profit hospitals, elementary and secondary schools, day care centers, religious organizations, etc.

[2]Fringe benefits, covering such items as social security taxes, health benefits, and pension plans, are based on the ratios of compensation of employees to wages and salaries and are derived from estimates in *Survey of Current Business*, July issues (1983 and 1982) and September 1981, Table 1.12 — National Income by Sector, Legal Form of Organization, and Type of Income; Table 6.5 — Compensation of employees by Industry; and Table 6.6B — Wages and Salaries by Industry. The adjustment factors are 1.0944 for 1974, 1.1060 for 1977, and 1.1113 for 1980.

[3]Assigned dollar values for volunteers working in the independent sector are based on estimates shown in an article in INDEPENDENT SECTOR, *Working Papers* for Spring Research Forum: Since the Filer Commission, May, 1983, by Murray S. Weitzman, "Measuring the Number, Hours Spent and Dollar Value of Volunteer Activity of Americans," p. 270. Also see notes 3 and 6 to Table 1.3 in this work.

Table 2.19

[1]Bureau of Labor Statistics (BLS), *Employment and Earnings*, July 1983, Table B-1, p. 75. Data for the most recent years are generally revised slightly when benchmarks are updated. Such revisions are usually very minor. For example, in the July 1983 issue of *Employment and Earnings*, the 1981 estimate is shown as 91,156,000, whereas in the April issue, it is 91,105,000 (the number used here).

[2]Bureau of Economic Analysis (BEA), *Survey of Current Business*, various National Income Issues which usually appear in July, and in Table 6.6B — Wages and Salaries by Industry. The estimates for domestic industries are adjusted to accord with the BLS universe which relates to employees on nonagricultural payrolls. Subtracted from the BEA universe for each year for which estimates are shown are the wages and salaries for (1) agriculture, forestry, and fisheries, (2) private households, and (3) military, including Coast Guard. The total value of the adjustments substracted from the BEA estimates in millions of dollars are: 1972 — $32,319; 1974 — $34,764; 1977 — $40,334; 1980 — $50,422; 1981 — $56,965; and 1982 — $63,237.

[3]The dollar values for wages and salaries in column 3 are rounded to the nearest hundred million dollars. Such rounding has little impact on the average annual estimates shown here. In other tables in which comparatively small estimates are show, estimates are rounded to thousands and will differ somewhat from estimates based on unrounded (less rounded) numbers.

[4]Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77, Program on Non-Profit Organizations, Yale University, 1983.

Table 2.20

[1]Estimates appear in Table 2.0, column 8; their derivations are described in the notes accompanying Table 2.0

[2]Estimates appear in Table 2.1, column 12; their derivations are described in the notes accompanying Table 2.1

[3]*Economic Report of the President*, February 1983, Table B-24, page 191.

[4]Estimates appear in Table 1.8; their derivations are described in the notes accompanying Table 1.8.

[5]Estimates here may differ from those shown in Table 2.0, column 5. Estimates in Table 2.0 are based on aggregate values for contributions and expenditures, whereas the estimates in this table are based on per capita contributions and expenditures.

Table 2.21

[1]Estimates are from the U.S. Department of the Treasury, Internal Revenue Service, *Statistics of Income Bulletin*, Volume 1, Number 2, Fall 1981, and appear in an article by John Sullivan and Michael Coleman, "Nonprofit Organizations, 1975-1978."

[2]Although the actual number of tax returns for 1975 was 220.2 thousand, this number is not shown in Table 2.13 in order to maintain comparability with the estimates for 1977 and 1978. The difference between this number and the one shown in the table, 179.1 thousand, represents returns filed for 1975 by organizations with receipts between $5,000 and $10,000. Receipts of these organizations accounted for $300 million of the total of $114.9 billion. For 1977 and 1978, only organizations with receipts of $10,000 or more were required to file.

Table 2.22

[1]Estimates are from the U.S. Department of the Treasury, Internal Revenue Service, *Statistics of Income Bulletin*, Volume 1, Number 2, Fall 1981, and appear in an article by John Sullivan and Michael Coleman, "Nonprofit Organizations, 1975-1978."

Tables 3.0, 3.1, and 3.3

General note: Annual sources of support by major components or sub-sectors, sources of funds, and functions represent an aggregation of many individual estimates made for specific sub-sectors of the independent sector. Private sector contributions shown here are estimated largely from *Giving USA*. Estimates for the health services and education and research sub-sectors are based largely on data from the American Hospital Association and the U.S. National Center for Education Statistics. For the social services, civic, social, and fraternal organizations, arts and culture, and legal services sub-sectors, the estimates for payments from the private and government sectors and other receipts are derived from a distribution pattern of revenues for fiscal year 1982 developed by the Urban Institute Nonprofit Organization Survey, *The Nonprofit Sector Project, Progress Report No. 3*, September 1983, Table 5, p. 3. Education, religious, charitable trusts, and international activity both receive and distribute funds, as do religious organizations. For these sub-sectors, private contributions are reduced by the amount estimated to be transferred to other components of the independent sector.

Employment and wage and salary estimates for all identified components of the independent sector rely on published and unpublished materials developed in connection with the estimates that appear in Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982," Working Paper 77, Program on Non-Profit Organizations, Yale University.

Tables 3.0 and 3.1

Private sector contributions, as shown in column one, exceed the sum of dollar estimates for the component sectors because of adjustments made to gross contributions received by religious organizations. Religious organizations transfer part of their funds to other sub-sectors such as health services and social services. The procedure adopted here to minimize such double counting entails showing such funds from religious organizations as receipts of the receiving sub-sectors, e.g., health services, and a negative balancing entry for religious organizations. These reductions in religious organization funds are assigned to private sector contributions, and additions to sub-sectors such as health services and social services are included among "other" receipts. Thus, in Table 3.0, incorporating the following dollar adjustment differences made in connection with religious organization activities would result in the sum of the estimates for the components shown in column one.

PRIVATE SECTOR CONTRIBUTIONS IN BILLIONS OF DOLLARS:

	1980	1977	1974
Column 1:	$44.7	$33.5	$25.3
Less:			
Sum of Components	38.0	28.3	21.4
Difference	+6.7	+5.2	+3.9
Plus:			
Sum of Components	38.0	28.3	21.4
TOTAL	$44.7	$33.5	$25.3

OTHER RECEIPTS, "OTHER," IN BILLIONS OF DOLLARS:

	1980	1977	1974
Column 1:	$ 5.1	$ 3.5	$ 2.4
Less:			
Sum of Components	11.8	8.7	6.3
Difference	−6.7	−5.2	−3.9
Plus:			
Sum of Components	11.8	8.7	6.3
TOTAL	$ 5.1	$ 3.5	$ 2.4

**Gifts made by foundations (educational, religious, charitable trusts, and educational activity) are subtracted from contributions received by foundations. The net dollar estimates shown are the result of the following computations in billions of dollars:

	Contributions less:	Gifts equal	Net Contributions
1980	$3.4	$2.6	$0.8
1977	2.5	1.9	0.6
1974	2.2	2.0	0.2

[1]Private sector contributions are from *Giving USA, 1983 Annual Report* (copyright), p. 36.

Dues, fees, and charges represent the sum of individual estimates for the components of health services – nursing homes, hospitals, and outpatient care and allied services. Hospitals dominate the health services sub-sector. Of the total dues, fees, and charges paid by the private sector, hospitals in 1980 are estimated to have received $31.2 billion from a total of $36.2 billion. Similar estimates for 1977 and 1974 are $21.2 billion from a total of $24.1 billion, and $13.1 billion from a total of $14.9 billion. For nursing homes, the dollar estimates are: 1980 – $2.1 billion; 1977 – $1.2 billion; and 1974 – $0.9 billion. Outpatient care and allied services: 1980 – $2.9 billion; 1977 – $1.7 billion; and 1974 – $0.9 billion.

Other receipts represent a combination of endowments and "other," which consists of estimates of religious organizations transferring funds to other sub-sectors. Income from endowments were assumed to represent about 1.5 percent of current expenditures. This percentage was also used to estimate other receipts identified as remainder. Professor Ralph L. Nelson in his research paper, "Private Giving in the American Economy, 1960-1972," in *Research Papers*, sponsored by the Commission on Private Philanthropy and Public Needs, Volume I, 1977, estimated hospital endowments in 1972 at $300 million, up from $225 million for 1970 (see Table 3, p. 118 and Table A-2, p. 131). "Church" receipts going to health were estimated to be approximately 20 percent of contributions to religious organizations. Some impressions of "church" giving can be gleaned from the research paper published by the Interfaith Research Committee on Private Philanthropy and Public Needs, *A Study of Religious Receipts and Expenditures in the United States, Research Papers*, Volume I, 1977, pp. 379 and 390.

It is estimated that the government sector in 1980 paid $25.5 billion in dues, fees, and charges. This figure includes outright grants to health services, with $22.6 billion going to hospitals, $1.5 billion to nursing homes, and $1.4 billion to outpatient care and allied services. For 1977, comparable estimates are $15.8 billion total and $14.0 billion for hospitals, $1.0 billion for nursing homes, and $0.8 billion for outpatient care and allied services. The 1974 estimates are $8.8 billion; $7.8 billion; $0.5 billion; and $0.5 billion respectively.

[2]Private sector contributions to the education and research sub-sector (1980 – $6.8 billion; 1977 – $4.7 billion; and 1974 – $4.1 billion), are from *Giving USA*, 1983, p. 38, with adjustments subsequently made for private contributions to public sector education institutions, particularly voluntary support for public colleges and universities. The education adjustments are based on estimates of voluntary support prepared by the Council for Financial Aid to Education (CFAE). According to national estimates and data resulting from CFAE's annual survey, *Voluntary Support of Education*, the voluntary support of higher education in 1980 decreased from 3.8 billion to $2.7 billion; the difference is attributed to private contributions in support of public institutions for both current and capital purposes. Adjustments for 1977 and 1974 go from $2.7 billion to $2.0 billion, and $2.2 billion to $1.7 billion. Basic information for the estimates are from the CFAE publication, *Voluntary Support of Education, 1981-1982*, Table C, p. 70.

Dues, fees, and charges are estimated for individual components of the education and research sub-sector and summed to the totals shown here. The individually indentified components in this report for education and research are private elementary and secondary schools, private colleges and universities, noncommercial educational, scientific, and research organizations, and an "other" category which comprises libraries, correspondence schools, and educational services not elsewhere classified. For private elementary and secondary schools, payments for tuition, associated fees, government payments, gifts, and endowments, estimates are based on information collected from member schools of the the National Association of Independent Schools (NAIS) and covers school operations for the 1981-82 school year. Approximately 70 percent of expenditures are estimated to be covered by tuition and fees; 10 percent by gifts, i.e., private contributions excluding donations for capital

outlays; 10 percent from investment (endowment) income; and 0.3 percent for public agencies (see NAIS, *Spring Statistics, 1983* (copyright), Tables 18, A, B and C, pp. 13-15). It is assumed that religious organizations contribute about 20 percent of current expenditures to help defray current educational costs. For a discussion of religious contributions to primary and secondary education, see The Commission on Private Philanthropy and Public Needs, *Research Papers*, Volume I, "A Study of Religious Receipts and Expenditures in the United States," pp. 365-450, (especially p. 414).

For private colleges and universities, dues, fees, and charges, government payment and grants, endowment income, and income from other sources are obtained from The National Center for Education Statistics based on its annual Higher Education General Information Survey (HEGIS). The data for school year 1980 appears in the Center's *Digest of Education Statistics, 1982*, Table 125, p. 137.

National Science Foundation estimates of research and development to other nonprofit institutions (i.e., excluding colleges and universities) are used for estimates of sources of support for noncommercial educational, scientific, and religious organizations. Such estimates appear in *U.S. Statistical Abstract of the United States;* see, for example, the 1982-83 Edition, Table 1012, p. 593.

For libraries, correspondence schools, and educational services not elsewhere classified, total levels of support are estimated from expenditures for wages and salaries and distributed between private and government payments.

[1]Contributions to religious organizations are from *Giving USA* and are adjusted for gifts of religious organizations to other components of the independent sector as discussed in note * above.

"Church" income from endowments is estimated at 3.6 percent of gross private contributions to religious organizations. Other income is estimated at 7.7 percent of private contributions to religious organizations. Estimates of income from endowment and other receipts are from the Interfaith Research Committee on Private Philanthropy and Public Needs, *A Study of Religious Receipts and Expenditures in the United States in Research Papers*, sponsored by the Commission on Private Philanthropy and Public Needs, Volume I, 1977, Table 6, p. 378.

[4]Estimates of private contributions are from *Giving USA*. Payments from private, government, and other sources of support such as endowment income and church gifts are based on a distribution pattern for nonprofit revenues for fiscal year 1982 developed from the Urban Institute Nonprofit Organization Survey as reported in the Urban Institute, *The Nonprofit Sector Project, Progress Report No. 3*, September 1983, Table 5, p. 3.

[5]Two components – producers, orchestras, and entertainers, and museums, botanical and zoological gardens – follow procedures outlined in note 4 above. Estimates for public TV and radio are from information reported by the Corporation for Public Broadcasting and presented in the *U.S. Statistical Abstract of the United States, 1982-83*, Table 945, p. 560.

[6]Foundations both receive and distribute gifts. For the independent sector, net gifts dispensed are used in order to reduce the element of double counting, i.e., dollar flows occur between two sectors without any accompanying or significant sustained activity taking place. Adjustments made to foundation estimates are described in note ** above.

[7]Total support for legal services are based on the 1977 relationship of wages and salaries to total expenses, as shown in the 1977 Census of Services. The total value was allocated one-third to contributions and two-thirds to government payments.

Table 3.2

[1]The distribution pattern for contributions by corporations in terms of sub-sector used in this report is based on an examination of the distribution estimates reported by The Conference Board in its *Annual Survey of Corporate Contributions*, 1982 edition (copyright), Table 14, p. 30. A complete concordance was not possible between the classification used in this report and the one shown in the report of The Conference Board.

[2]The Foundation Center regularly publishes a table showing the distribution of grants by subject categories. This table was used to approximate the distribution of foundation grants by the sub-sector groupings employed in this report (see The Foundation Center, *The Foundation Grants Index 1980* (copyright), Table 5, p. X).

[3]Based on approximate averages of estimates obtained from The Gallup Organization, Inc., *Surveys of the Public Recollection of Charitable Donations, 1978 and 1981*, p. 8 (1978) and p. 6 (1981).

Tables 3.3 and 3.4

[1]Current operating expenditures represent the sum of individual estimates for hospitals, nursing homes, and outpatient care and allied services. In 1980, the total of $65.1 billion stems from estimates of $57.2 billion for hospitals, $3.6 billion for nursing homes, and $4.3 billion for outpatient care and allied care services. For 1977 and 1974, the estimates in billions of dollars are hospitals – $38.6 and $24.4; nursing homes – $2.2 and $1.3; and outpatient care and allied services – $2.5 and $1.4. Wage and salary estimates are from Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings in the Philanthropic Sector, 1972-82," Working Paper 77, Program on Non-Profit Organizations, Yale University. Fringe benefits and other expenditures represent the difference between the estimates for current operating expenditures and wages and salaries. Funds for construction and capital improvements are assumed to be approximately 40 percent of the value of new hospital and construction put into place, as reported in the *U.S. Statistical Abstract of the United States: 1982-1983*, Table 1332, p. 743. "Other, including change in holding of funds," is a residual item representing the difference between total funds and current operating expenditures and construction and capital improvements. This residual item serves to balance the total sources of support and total use of resources for health services as well as for the other sub-sectors of the independent sector.

[2]More than 90 percent of current operating expenditures for the education and research sub-sector of the independent sector occur for private elementary and secondary schools and private colleges and universities. The U.S. National Center for Education Statistics is the major source for expenditures for school years ending in the year shown. Expenditures for university hospitals are excluded from current operating expenditures for private colleges and universities, since they are included in expenditures for private not-for-profit hospitals. In 1980, such expenditures amounted to $1.8 billion, as shown in the *Digest of Education Statistics, 1982*, Table 134, p. 145. Of total current operating expenditures of $31.2 billion in 1980, the sums estimated for the various education and research components are: private elementary and secondary schools – $11.4 billion; private colleges and universities – $17.3 billion; other (libraries, correspondence schools and educational services, not elsewhere classified) – $0.9 billion; and noncommercial educational, scientific, and research organizations – $1.6 billion. Estimates for the remaining category are based primarily on information provided in the *1977 Census of Service Industries, Miscellaneous Subjects, Subject Series SC77S9*, Table 3, p. 9-9, and complemented by estimates of wages and salaries for 1977 and 1974 prepared by Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings in the Philanthropic Sector, 1972-1982," Working Paper 77, Program on Non-Profit Organizations, Yale University. For noncommercial research organizations, estimates for 1980, as well as other years, are from the National Science Foundation, National Patterns of Science and Technology. Annual and are reproduced in the *U.S. Statistical Abstract, 1982-83*, Table 1012, 593. The estimates represent the source of funds stemming from U.S. government and industry and exclude capital expenditures data.

Wage and salary estimates are based on Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings in the Philanthropic Sector, 1972-1982." Adjustments are made to education and research and religious organizations of some part of private elementary and secondary school employment and associated wages and salaries. Adjustments to the Rudney-Weitzman estimates entailed reducing religious organization estimates for the corresponding wages and salaries and adding them to the education and research sub-sector, specifically the private elementary and secondary school component. Employment transferred was 200,000 for each year. The amount of wages and salaries transferred from religious organizations to the education sub-sector are $1.8 billion for 1980, $1.5 billion for 1977, and $1.2 billion for 1974.

Fringe benefits and other current operating expenditures represent the difference between current operating expenditures and wages and salaries.

Estimates of voluntary support for construction and capital improvements represent those made for private elementary and secondary schools and private colleges and universities. They represent a combination of estimates derived from information in *Giving USA, 1983* and *Vol-*

untary Support of Education, 1981-1982. For private elementary and secondary schools, the difference between total funds and current operating expenditures was pro-rated two-thirds to capital and one-third to other, including change in holding of funds. From estimates of voluntary support of higher education (shown in *Voluntary Support of Education 1981-1982,* Table E, page 72), 70 percent of such support is assigned to private institutions; the remainder is attributed to public institutions.

[1]Religious organization expenditures are limited here to those associated with sacramental activities. Wage and salary estimates for all religious organization activities are derived from unpublished data of the U.S. Department of Labor, Bureau of Labor Statistics (BLS). To obtain average annual wages per employee in religious organizations, BLS data on employment and average weekly wage for employees in religious organizations are multiplied by 52 weeks. Since the employment and wage and salary estimates apparently include some proportion of educational employment in church-affiliated schools, adjustments are made for each annual estimate. The number of full-time equivalent teachers in church-affiliated schools is approximately 200,000 for the years for which estimates are shown. The wage and salary estimates for all religious activities are reduced by the estimates prepared for teachers in church-affiliated schools. In the adjustment process, the following annual average wages and salaries are used: 1974 – $6,000; 1977 – $7,500; and 1980 – $9,000. Total wages and salaries are those shown in Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982." Total wages and salaries in that source for total religious activities are: 1974 – $4.8 billion; 1977 – $5.6 billion; and 1980 – $7.3 billion. For the purpose of preparing current operating expenditure estimates for sacramental activities, an estimate of 42.5 percent for wages and salaries as a percent of current expenditures is used. It is conceivable that the percent of wage and salaries used might be 10 to 15 percent too high, in which case the estimates for sacramental activities are too low. In the U.S. Bureau of the Census, Statistical Bureau of the Census, *Statistical Abstract of the United States, 1980,* Table 1519, p. 854, payroll (wages and salaries) as a percent of expenses are shown from the 1977 Census of Service Industries. Membership organizations, except religious, have payroll as a percent of expenses of 36.5 percent. For museums, art galleries, and zoological gardens, the comparable estimate is 43.5 percent.

Fringe benefits and other current operating expenditures represent the difference between total current operating expenditures and wages and salaries. Construction and capital improvement for sacramental activities are based on estimates from the U.S. Bureau of the Census, Construction Reports, Series C30, as reported in the *U.S. Statistical Abstract 1982-1983,* Table 1332, p. 743. Approximately one-half of the Bureau's estimates for religious construction put into place are assigned to sacramental activities. The other, including changes in holding of funds category, is a residual item, the difference between total funds and current operating expenditures, and construction and capital improvements.

[4]Current operating expenditures are based on the 1977 relationship for each of the components between payroll and expenses for the entire year, and are taken from the 1977 Census of Services Industries, *U.S. Statistical Abstract, 1980,* Table 1519, p. 854. Wage and salary estimates are from Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982."

For construction and capital improvements, it is assumed that the social services sub-sector accounts for about 10 percent of the annual value of new construction put into place for hospitals and institutions, as reported in the *Statistical Abstract of the United States, 1982-1983,* Table 1332, p. 743. For civic, social, and fraternal organizations, the estimate used is five percent. For the arts and culture sub-sector described in note 5, it is assumed that $0.1 billion is allocated to construction and capital improvements.

[5]The arts and culture sub-sector consists of (1) public radio and television broadcasting; (2) producers, orchestras, and entertainers; and (3) museums, botanical and zoological gardens. Current operating expenditures for the latter two groups are estimated according to the procedure described in note 4 above. For public radio and television broadcasting, total income as estimated by the Corporation for Public Broadcasting is assumed to be equivalent to current operating expenditures. Income sources and amounts are shown in the *U.S. Statistical Abstract, 1982-1983,* Table 945, p. 560.

[6]Current operating expenditures are based on the average 1977 relationship for all tax-exempt components between payroll and expenses for the entire year and are taken from the 1977 Census of Service Industries, *U.S. Statistical Abstract, 1980,* Table 1519, p. 854. Wage and salary estimates are from Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982."

Table 3.5

[1]A composite of specific estimates for individual sub-sectors of the independent sectors. These individual elements of the independent sector are shown in Table 3.6.

[2]Based on the estimate of wages and salaries, and annual wages and salaries, as a percentage of expenses for 1977, as shown in the U.S. Bureau of the Census, *1977 Census of Service Industries, Miscellaneous Subjects, Subject Series SC77-S-9,* Table 3, p. 9-9. Wage and salary estimates are from Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982." Wage and salary estimates for 1975 are not shown in Rudney and Weitzman but were computed using the same procedures used by Rudney and Weitzman.

Table 3.6

[1]Derivation of current operating expenditures for health services are described in the notes to Table 3.12.

[2]Expenditures for school years ending in year shown. Estimates were prepared by the U.S. National Center for Education Statistics on the basis of expenditure per teacher in public elementary and secondary schools. Estimates are reproduced in the U.S. Bureau of the Census, *Statistical Abstract of the United States, 1982-83,* Table 213, p. 135.

[3]Expenditures for school years ending in year shown. Expenditures for university hospitals are excluded from total current expenditures since they are included in expenditures for private not-for-profit hospitals. In 1980, the estimated expenditures for university hospitals that were excluded amount to $1.8 billion. Source of data is the U.S. National Center for Education Statistics (see various editions of the *Digest of Education Statistics* for data on specific years).

[4]Based on the estimate of wages and salaries and annual wages and salaries as a percentage of expenses for 1977, as shown in the U.S. Bueau of the Census, *1977 Census of Service Industries, Miscellaneous Subjects, Subject Series SC77-S-9,* Table 3, p. 9-9. Wage and salary estimates are from Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982." Wage and salary estimates for 1975 are not shown in Rudney and Weitzman but were computed using the same procedures as used by Rudney and Weitzman.

[5]Estimates are from U.S. National Science Foundation, *National Patterns of Science and Technology Resources Annual* and are reproduced in the *Statistical Abstract, 1982-83,* Table 1012, p. 593. Estimates represent the source of funds stemming from U.S. government and industry and exclude capital expenditures data.

[6]Religious organization expenditures are limited to those associated with sacramental activities. Wage and salary estimates for all religious organization activities are derived from unpublished data of U.S. Department of Labor, Bureau of Labor Statistics (BLS). BLS data on employment and average weekly wage for employees in religious organizations were multiplied by 52 weeks to obtain average annual wages per employee in religious organizations. Since the employment and wage and salary estimates apparently include some proportion of educational employment in church-affiliated schools, adjustments are made for each annual estimate. The number of full-time equivalent teachers in church-affiliated schools is approximately 200,000 for the years for which estimates are shown. The wage and salary estimates for all religious organization activities are reduced by the estimates prepared for teachers in church-affiliated schools. In the adjustment process, the following annual average wages were used: 1974 – $6,000; 1975 – $6,725; 1977 – $7,500; and 1980 – $9,000. Total wages and salaries for all religious activities equal those shown in Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982." Total wages and salaries in that source for total religious activities are: 1974 – $4.8 billion; 1975 (not shown in cited source, but estimate prepared according to procedure used in source) – $4.9 billion; 1977 – $5.6 billion; and 1980 – $7.3 billion. For the purpose of preparing expenditure estimates for sacramental activities, an estimate of 42.5 percent for wages

and salaries as a percent of current expenditures is used. It is conceivable that the percent of wage and salaries used might be 10 to 15 percent too high, in which case the estimates for sacramental activities are too low. In the U.S. Bureau of the Census, *Statistical Abstract of the United States, 1980*, Table 1519, p. 854, payroll (wages and salaries) as a percent of expenses are shown from the 1977 Census of Service Industries. Membership organizations, except religious, have payroll as a percent of expenses of 36.5 percent. For museums, art galleries and zoological gardens, the comparable estimate is 43.5 percent.

[2]Current operating expenditures are assumed to be equivalent to total income as estimated by the Corporation for Public Broadcasting and shown in the *U.S. Statistical Abstract, 1982-1983*, Table 945, p. 560.

Tables 3.7, 3.8, 3.9, and 3.10

General note: Although six years of data are shown in these tables, they are not grouped chronologically but according to the years emphasized in this report, i.e., 1980, 1977, and 1974. The second grouping of years is for 1982, 1981, and 1972.

Estimates in this series of tables are from Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982." Estimates for total employees and total wages and salaries derivation are shown previously in Table 2.19 and in the notes to that table.

Tables 3.7 and 3.9

[1]1980: Rudney-Weitzman, employees, Appendix Table D, p. 37; wages and salaries, Appendix Table H, p. 41.

[2]1977: Rudney-Weitzman, employees, Appendix Table C, p. 36; wages and salaries, Appendix Table G, p. 40.

[3]1974: Rudney-Weitzman, employees, Appendix Table B, p. 35; wages and salaries, Appendix Table G, p. 40.

Tables 3.8 and 3.10

[1]1982: Rudney-Weitzman, employees, Appendix Table F, p. 39; wages and salaries, Appendix Table H, p. 41.

[2]1981: Rudney-Weitzman, employees, Appendix Table E, p. 38; wages and salaries, Appendix Table H, p. 41.

[3]1972: Rudney-Weitzman, employees, Appendix Table A, p. 34; wages and salaries, Appendix Table G, p. 40.

Table 3.12

[1]Expenditure estimates for nursing homes are available for total expenditures and by government and private sectors from the U.S. Health Care Financing Administration and its predecessors. The distribution of nursing home expenditures by type of control — government, private for-profit, and private not-for-profit — is estimated for 1977. These 1977 estimates, converted to percentages, are used to develop the expenditure estimates for years other than 1977. These percentages are: government — 24.6 percent; private for-profit sector — 57.9 percent; and private not-for-profit organizations — 17.5 percent.

Expenditure estimates for short-term hospitals are based on data from the annual surveys of the American Hospital Association. Such data appears in *Hospital Statistics*, 1983 edition (copyright 1983 by the American Hospital Association), Table 1 — Trends in Utilization, Personnel, and Finances for Selected Years from 1936 through 1982, pp. 4-7. In addition to short-term hospitals, private not-for-profit organizations also operate psychiatric, chronic, and tuberculosis hospitals. Approximately 20 percent of such hospitals in 1980 were operated by organizations in the independent sector, according to the U.S. Bureau of the Census, *Statistical Abstract of the United States, 1982-83*, Table 171, page 111. For each observation year, this percentage was applied to the expenditures for all non-federal hospitals operating as psychiatric, chronic, and tuberculosis hospitals to estimate such expenditures for the independent sector.

Current operating expenditures in 1977 for outpatient care and allied services are from the U.S. Bureau of the Census, *1977 Census of Service Industries, Miscellaneous Subjects, Subject Series SC77-S-9*, Table 3, p. 9-9. This estimate of $2.5 billion for 1977 is divided between an estimate for outpatient care facilities of $1.8 billion and $0.7 billion for other health and allied services. The ratio of the 1977 payroll to annual 1977 expenses for these two segments combined to .515 and was applied to comparable wage and salary estimates for other years to estimate current operating expenditures.

[2]Estimates for wages and salaries, employment, and average annual wages and salaries are from Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982."

Table 3.13

[1]Current operating expenditures for private elementary and secondary schools are for school years ending in year shown. Estimates were prepared by the U.S. National Center for Education Statistics on the basis of expenditure per teacher in public elementary and secondary schools. Estimates are reproduced in the U.S. Bureau of the Census, *Statistical Abstract of the United States, 1982-83*, Table 213, p. 135.

Current operating expenditures for private colleges and universities are for school years ending in year shown. Expenditures for university hospitals are excluded from total current expenditures, since they are included in expenditures for private not-for-profit hospitals. In 1980, the estimated expenditures for university hospitals that were excluded amount to $1.8 billion. Source of data is the U.S. National Center for Education Statistics (see various editions of the *Digest of Education Statistics* for data on specific years).

Current operating expenditures for other (libraries, correspondence and vocational schools, and educational services not elsewhere classified) are based on the estimate of wages and salaries, and annual wages and salaries as a percentage of expenses for 1977, as shown in the U.S. Bureau of the Census, *1977 Census of Service Industries, Miscellaneous Subjects, Subject Series SC77-S-9*, Table 3, p. 9-9. Wage and salary estimates are from Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982."

Current operating expenditures for noncommercial educational, scientific, and research organizations are from the U.S. National Science Foundation, *National Patterns of Science and Technology Resources Annual*, and are reproduced in the *Statistical Abstract of the United States, 1982-1983*, Table 1012, p. 593. The estimates represent the source of funds stemming from the U.S. government and industry and exclude capital expenditures data.

[2]Employment and wage and salary estimates are from Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982."

Table 3.14

[1]Current operating expenditures are based on estimates of wages and salaries, and annual wages and salaries as a percentage of expenses for 1977, as shown in the U.S. Bureau of the Census, *1977 Census of Service Industries, Miscellaneous Subjects, Subject Series SC77-S-9*, Table 3, p. 9-9.

For 1980, the sum of the individual components do not add to totals because of rounding. For 1974, the estimate for social services should be $5.1 billion rather than $5.0 billion.

[2]Estimates for wages and salaries, employment, and average annual wages and salaries are from Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982."

Table 3.15

General note: As a rule, in this report estimates of current operating expenditures, wages and salaries, and other items expressed in dollars are rounded to the nearest hundred million dollars. Employment estimates are rounded to the nearest thousand. Such rounding has little impact on average annual estimates of wages and salaries. Large aggregates can be obtained by dividing wages and salaries as they appear by corresponding employment estimates in some of the tables. This does not apply when estimates are comparatively small. For the arts and culture sub-sector, for example, using 1980 estimates of wages and salaries and employment (as shown in the table) would yield an annual wage and salary estimate per employee of $12,820, whereas the computation from less rounded estimates comes to $12,162, as shown in the table. Accordingly, wherever feasible, less rounded estimates are used to obtain average annual wage and salary estimates.

[1]Current operating expenditures for radio and TV broadcasting are assumed to be equivalent to total income, as estimated by the Corporation for Public Broadcasting and shown in the *U.S. Statistical Abstract, 1982-1983*, Table 945, p. 560.

Current operating expenditures for producers, orchestras, and entertainers, and museums, botanical and zoological gardens are based on estimates of wages and salaries, and annual wages and salaries as a percentage of expenses for 1977, as shown in the U.S. Bureau of the Census, *1977 Census of Service Industries, Miscellaneous Subjects, Subject Series SC77-S-9*, Table 3, p. 9-9. Wage and salary estimates are from Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982."

[2]Estimates for wages and salaries, employment, and overall annual wages and salaries are from Gabriel Rudney and Murray Weitzman, "Significance of Employment and Earnings Trends in the Philanthropic Sector, 1972-1982."

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